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ABSTRACT

Intended for educators who work with or plan to establish a school-based enterprise (SBE) in their school, this guide provides tools and strategies to establish and operate an SBE that provides a context for students to learn a range of academic and career-oriented skills. Section 1 suggests steps educators can take to help their enterprise--an SBE integrated with the school's curriculum--succeed within the school setting. Section 2 describes ways to incorporate planning into setting up an SBE. This business planning process guides students and teachers through the research and investigation needed to create a viable business that meets a need in the school or surrounding community. At the end of the section are nine "tools," activities and forms teachers may wish to use to accomplish the steps to help them get the SBE off to a good start. Each tool consists of some or all of these components: purpose, materials, time required, procedure, reflection, bridges, teacher forms/materials, and handouts. Section 3 provides strategies teachers and administrators can use to augment the learning students derive from an SBE once it is up and running. These strategies are also designed to have a positive effect on the enterprise's profitability, which in turn determines the SBE's ability to generate revenue for social benefits. At the end of the section are tools useful in accomplishing the five strategies. Contains 12 references and an appendix on business and management competencies (student records). (YLB)

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WHO'S MINDING THE STORE? A GUIDE FOR EDUCATORS WORKING WITH SCHOOL-BASED ENTERPRISES

Activities and Strategies for Creating and Operating Innovative and Productive Learning Experiences

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Related Readings from NCRVE

for **Who's Minding the Store? A Guide for Educators Working with School-Based Enterprises** (MDS-1254)

by Rick Larson

All Aspects of the Industry: Bringing Industry into the Classroom

The objective of this teleconference, recorded October 12, 1994, was to discuss the merits of all aspects of the industry. The teleconference provided participants with an orientation to all aspects of the industry; suggestions about how academies, school-based enterprises, youth apprenticeships, and other program structures can be designed to encompass all aspects of the industry; strategies for implementing all aspects of the industry into the classroom; and ways that local and state policies and technical assistance can assist programs in including all aspects of the industry.
MDS-839/December 1994/$15.00

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MDS-408/October 1993/$9.50

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Designing Classrooms that Work guides teachers and trainers through a six-week "mini-sabbatical" on how to integrate vocational and academic education and to improve the school-to-career transition. Whether the mini-sabbatical format is used or not, *Designing Classrooms that Work* is a rich staff development guidebook. Everyone involved in school-to-career programs—career academies, cooperative education, school-based enterprises, and career focus schools—will find this report a mine of ideas and activities. By K. Ramsey, C. Stasz, T. Ormseth, R. Eden, J. Co. *Full text available on-line at <ncrve.berkeley.edu>.*
MDS-963/October 1997/$20.00

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Many dedicated and innovative educators contributed to this guide. Dr. David Stern, Director of NCRVE, has provided the wonderful combination of direction, thoughtful advice and insight, and access to funding that makes a project like this possible. Deborah McKoy, a Ph.D. candidate at UC Berkeley has been exceedingly generous with her time in reading early drafts of this guide and sharing her important perspective on enterprises and education. Deb deserves particular praise for bringing together educators in November 1997 to discuss curriculum integration in school-based enterprises (SBEs). Tammy Bird and Aleyne Larner of Food from the 'Hood at Crenshaw High School in Los Angeles and Judi Yeager from Oakland High School shared insights at that meeting which have found their way into the guide.

Allie Whitehurst of the Oakland Unified School District and teachers in the AcademiesWork program in Oakland—especially Jackie Begrin (Oakland High School), Michael Jackson (Fremont High School), and Ester Dixon (Castlemont High School) shared their experiences and opened their classrooms as research for this guide was completed.

REAL instructors Jennifer Goos of Maxwell, Nebraska, Cory NeVille of Riverside High School in Chattaroy, Washington, and Ann Smith of the Sno-Isle Skills Center in Everett, Washington, helped lead sessions on SBEs at REAL Institutes which provided a chance to "test drive" components of this guide, as did Gair McCullough of REAL Enterprises. Thanks also to the REAL teachers who attended those sessions and provided useful suggestions.

Finally, Ann Smith has made her excellent formats for business planning and assessment of learning in SBEs available for this guide. Along with her generosity, Ann's hard-won knowledge, enthusiasm for her work, and commitment to helping students grow exemplify what quality education is all about.

The guide was written by Rick Larson of REAL Enterprises. Funding for the development and publication of the guide was provided by the Annenberg Rural Challenge and by the National Center for Research in Vocational Education, through award #V051A30003-97 from the U.S. Department of Education to the University of California, Berkeley.

PREFACE

Objectives and Audience

This guide is intended for use by educators who are working with school-based enterprises or contemplating the establishment of an SBE in their school. It seeks to help schools, students, and teachers develop enterprises that

- place students in positions of responsibility for management and operations.
- provide an opportunity for students to learn entrepreneurial skills, group problem-solving, and effective decisionmaking.
- encourage creativity and innovation and help students learn a broad range of academic and career-oriented skills.
- provide an opportunity for students to learn about a number of aspects of the business, not just the specifics of a particular job within that business.
- operate responsibly from ethical, social, and economic perspectives.
- promote academic achievement.

The guide provides tools and strategies that should help teachers answer two essential questions:

1. How can we establish and operate a school-based enterprise (SBE) which provides a context for students to learn a range of academic and career-oriented skills?
2. How can we provide a meaningful experience for students in an SBE that is already up and running?

One strategy recommended for creating and operating SBEs that meet these objectives is the utilization of an entrepreneurial approach. Broadly defined, entrepreneurship is the ability to "see and seize opportunities." Entrepreneurial preparation contributes both to the success of the enterprise and the quality of the learning experience for students.

This entrepreneurial preparation is necessary for educators as well as for students. Section I of the guide suggests steps that educators can take to help their enterprise—an SBE integrated with the school's curriculum—succeed within the school setting.

Section II describes ways to incorporate planning into setting up an SBE. The business planning process guides students and teachers through the research and investigation needed to create a viable business which meets a need in the school or surrounding community. The business plan also serves as a "road map" for an enterprise, so that those running it can check—and learn from—their progress. Finally, the business plan, which is essentially a major research project integrating writing, mathematics, social studies, and many critical thinking and life skills, is one important way to ensure that the SBE provides a learning laboratory and not just another job for students.

Keeping the SBE experience fresh for students who are not involved in the initial start-up process is a second major challenge for SBEs. Section III offers a number of strategies that can build student ownership in ongoing SBEs. These approaches are consistent with the business and product "life cycle," which dictates the need for businesses to innovate continually in order to remain successful. Two prominent ideas in Section III are as follows:

- The use of "intrapreneurial ventures" to encourage students to think entrepreneurially about an existing SBE
- The concept of "re-planning," which has been used successfully by Ann Smith, a business (and REAL) teacher at Sno-Isle Skills Center in Everett, Washington

How This Guide Came About

In their 1994 book, *School-Based Enterprise: Productive Learning in American High Schools*, David Stern, James Stone III, Charles Hopkins, Martin McMillion, and Robert Crain detail the proliferation of SBEs in American public high schools. They cite a 1992 national survey of high schools which determined that "18.6% of public secondary schools were sponsoring at least one SBE, defined in the survey as 'a class-related activity that engages students in producing goods or services for sale or use to people other than the participating students themselves.'" (p. 5).

In addition, SBEs were listed prominently in the School-to-Work Opportunities Act of 1994 as a recommended way of providing work-based experiences. Many states have supported the creation of SBEs (Maine and Connecticut are two examples) in their effort to develop STW systems in communities lacking large employers capable of providing work-based learning opportunities.

Yet, despite the growing support for SBEs as a worthwhile strategy for providing hands-on learning through work within the school setting, teachers and schools interested in establishing SBEs have few resources at their disposal to guide them. Creating an enterprise that is both economically viable and truly educational is challenging work. This is particularly true when the individual responsible for setting up and supervising the enterprise is a teacher, and probably one with a full teaching load and other responsibilities.

In an effort to make this task more manageable—and to help teachers avoid "reinventing the wheel," the National Center for Research in Vocational Education (NCRVE) contracted with REAL Enterprises (REAL), a national nonprofit organization, to create a school-based enterprise curriculum module. NCRVE contracted with REAL (REAL is an acronym for Rural Entrepreneurship through Action Learning) because of its experience working with SBEs and helping schools—predominantly rural schools—develop entrepreneurial programs that utilize experiential learning.

Methods

This guide represents an effort to capture the best thinking of a few educators engaged in a continuous process of experimentation with SBEs. Site visits to SBEs based in Oakland Unified School District Academies were conducted in November 1997. At the same time, the author participated in a meeting designed to help teachers who are implementing SBEs in Oakland schools use the business planning process; he also participated in a discussion organized by Deborah McKoy of NCRVE which included Oakland SBE practitioners and representatives from Food from the 'Hood in Los Angeles.

In-depth interviews were conducted with two educators working with SBEs—Ann Smith of Sno-Isle Skills Center in Everett, Washington, and Aleyne Larner of Food from the 'Hood. This guide draws extensively on Smith's experience with a range of SBEs at

Sno-Isle; in fact, Sno-Isle's Business and Management program serves as a case study or laboratory site for the guide's approaches in Section III. Food from the 'Hood is also featured in Section III as an example of a site with successful experience in recruiting and retaining students.

Elements appearing in the guide were field-tested with instructors at REAL Enterprises Institutes during the summer of 1998. In addition, REAL's experience working with SBEs for more than a decade and its approaches to experiential teaching and learning form the basis for the strategies outlined in Section II. The activities and teaching methods which appear in Tools 1, 3, 4, 5, 7, 9, 10, and 11 are drawn from the *REAL Entrepreneurship Curriculum Guide*.

REAL's Experience with School-Based Enterprises

When it began in the mid-1980s in Georgia and North Carolina, REAL Enterprises' initial strategy for fostering student entrepreneurship was to help high school students and teachers create "school-incubated enterprises" intended to be started in schools and then "spun off" to become a part of the local economy. They included restaurants, a feeder pig business, screen printing operations, a day care center, a shoe store, and a fabric store. REAL learned some important lessons from this experience.

These enterprises typically were researched, planned, and operated by a whole class of students. More often than not, however, the task of managing the enterprise eventually fell to an adult—either a teacher or an adult manager hired specifically for the purpose of managing the business. It was too complicated and difficult for students with full course loads and limited work experience to find the time and support needed to manage the entire business.

As a result, REAL found that the individuals most likely to have an entrepreneurial experience in an SBE were the adults. At best, students were highly involved employees or assistant managers who learned on the job from some very patient and dedicated adults. Too often, the students' experiences were little different from the kind they would have in a job in a "regular" business; they thought like employees, not owners or entrepreneurs.

In addition to being less entrepreneurial, the students' experiences were usually not as educational as the adults.' Because they were more likely to be making and living with decisions, the adults did the learning and underwent the growth associated with this process.

REAL found that the degree to which a student's experience in an SBE is entrepreneurial and educational also depends a great deal on when that student is involved in the process. Those students who help plan and start an enterprise tend to have the most worthwhile experiences. Students who "cycle into" the enterprise later, once it is up and running, usually do not learn as much or feel as engaged in the enterprise.

One reason for this seems to be that the creators of an enterprise have a higher level of ownership and commitment than those who work there once it is established. This is a natural outcome of being involved in what is often a highly visible undertaking with real consequences. Students expressed sentiments which could be paraphrased as follows:

> If we don't set the business up right, it's going to fail, and the school will have wasted money and everyone (our parents, the school board, and the local paper) will know.

In REAL's experience, there seems to be greater incentive to learn when the learning matters to an audience beyond one's teacher and the immediate classroom.

The other lesson REAL learned was that operating a successful business in affiliation with a school or class is a task that taxes even the most energetic, committed, and enthusiastic teacher. At heart, school-based or student-run enterprises—by virtue of their affiliation with a school—should be integrally linked to learning that is going on in the school. The link or conduit for this integration needs to be the teacher working with the SBE.

Yet, too often, the demands of keeping the business running detract from its ability to serve the school as a learning opportunity. This guide is an effort to help teachers manage the dual demands of keeping the business running and drawing the maximum learning from its operations.

Key Assumptions

Three fundamental assumptions underlie this approach to making SBEs innovative and productive in terms of learning and revenues alike. The first relates to the American economy and the kind of preparation high school graduates need to be "winners" in that economy, the second to teaching and learning, and the third to the unique structural nature of SBEs.

Assumption #1: Entrepreneurship Is Important for Learning and for Success in Life and Work

In the preface to *School-Based Enterprise* (Stern et al., 1994), the authors argue that "School-Based Enterprise (SBE) should be considered a possible means to accomplish the two main missions of American high schools: preparing students for work and for further education" (p. xi). If this is to be true, then SBEs must offer opportunities for students to work in ways that are consistent with the nature of work in American workplaces, which are becoming increasingly entrepreneurial. Consider these indicators:

- Between 1990-1994, fast-growing ventures created 5 million jobs, offsetting 800,000 jobs lost by other companies (Cognetics, Inc., 1995).
- In a 1994 *Forbes* article, Meeks and Linden state that "Big business is no longer where the opportunity is. Of the 4.6 million net new jobs created over the past five years, only 300,000 of them were created by Forbes 500 companies" (p. 206).
- Sixty-seven percent of all businesses in the United States are sole proprietorships, and 16% of the working population was self-employed as of 1992 (the last year for which these data are available). One in five working Americans is employed by a firm with 20 employees or fewer (U.S. Bureau of the Census, 1992).

These trends in the American economy all but ensure that the average high school graduate will spend a significant portion of his or her work life either working as, or for, an entrepreneur or a business with fewer than 20 employees.

Furthermore, entrepreneurial thinking—the ability to "see and seize opportunities"—is valuable in enterprises of all sizes. Large employers increasingly are looking for "intrapreneurial" employees, those capable of seeing and seizing opportunities within the

company, department, division, or work team. According to Mr. Edgar Murphy, Manager of Community Relations for Nortel, the Fortune 500 telecommunications equipment manufacturer,

> The days of getting a lifetime career and a job in a company are gone. People need to be entrepreneurial about their careers, and they need to pay attention to changes in the marketplace and changes in the needs of their employer.

If schools are to realize their educational goals and serve their students and communities, fostering entrepreneurial thinking and acting is essential. The good news is that SBEs are uniquely positioned to be an effective educational tool for entrepreneurship education. They are, after all, usually small and young enterprises; even better, by definition they are connected to a learning environment. The key is to view SBEs not as a static presence in the school, but to consider them laboratories for creative, entrepreneurial activity.

Assumption #2: Experience Is Critical, But It Is Not Enough by Itself

There is a commonly held belief that "experience is the best teacher." As an organization committed to the use of experiential education, REAL agrees that experience is a necessary component of learning, but that experience alone is not sufficient for learning to occur. As John Dewey (1938) says in *Experience and Education*, "The belief that all genuine education comes about through experience does not mean that all experiences are genuinely or equally educative" (p. 25).

Take the experience of learning to drive a car. If a young man gets behind the wheel of a car for the first time, starts driving, and ends up hitting a tree, we can say for certain that he has had an experience, probably one that will leave a strong impression! But, has he learned how to drive a car?

If, on the other hand, he goes out driving for the first time with a driver's education teacher, not only will he experience plenty, but he should learn how to drive a car. Even if he ends up hitting the same tree, he is still likely to learn because there is a facilitator of his learning along for the ride, someone who can help him reflect on and apply the lessons of his experience.

What does this have to do with SBEs? Enterprises, like cars, can stay on the road or can veer off course and crash. The experience of working in one does not necessarily mean

that learning is occurring, but even if an enterprise fails (hits the proverbial tree!), much learning can occur if there is a process in place to glean the lessons from the experience. In short, "hands-on" needs to be coupled with "minds-on" if learning is to occur.

The educator's role in this process is critical. We do not usually see a driver's education teacher behind the wheel of a car full of students. Rather, one of the learners is behind the wheel, experiencing the act of driving first-hand. The educator is a co-driver who sits next to the learner. (Note that the driver's education teacher does have a brake in case things get out of hand.)

Similarly, the educator working with an SBE needs to be "riding alongside" students, coaching and facilitating their work and their learning, so that the experience is as educational and valuable as possible. If the teacher "drives" the business, the students are left watching. There is no doubt that learning can occur by watching; however, students will learn far more if they do real work with real consequences, reflect on their experience, and apply it.

One reason more learning occurs through direct experience may be that students tend to work harder if their work counts for more than "just a grade." Oakland High School teacher Jackie Begrin reports on how much harder students in the SBE ACORA (A Coalition of Raw Artists) work to develop their designs when there is the possibility of selling their work to the public.

The experiential learning cycle in Figure 1 captures this philosophy of learning. It places experiences in a context that includes reflection, expansion, and application of the learning resulting from these steps. The activities suggested for use in this module are designed for use in this cycle. Above all, SBEs need to strive to provide students with quality experiences. In Dewey's (1938) words,

> It is not enough to insist upon the necessity of experience nor even of activity in experience. Everything depends upon the quality of the experience which is had. The quality of any experience has two aspects. There is an immediate aspect of agreeableness or disagreeableness, and there is its influence upon later experiences. (p. 27)

Assumption #3: SBEs Can, and Should, Model Socially Responsible Entrepreneurship

American schools do more than just prepare young people to enter the workforce. They also have a responsibility and an opportunity to reinforce the values of community and accountability that are essential to the effective functioning of a democratic society. As part of the school, SBEs can and should model enterprises which operate as good corporate citizens.

Mention the word "entrepreneur" and many Americans will visualize someone who is self-centered, opportunistic, and greedy. Beyond that impression, entrepreneurs include individuals who establish nonprofit organizations to address pressing social needs, as well as for-profit entrepreneurs who operate their enterprises in a socially responsible manner.

The challenge for SBEs is to operate sustainably from an economic perspective while contributing to the greater good. Using an SBE's profits for scholarships to further the education of its employees is one concrete, and widely practiced, strategy to support a school's mission of preparing students for further education. But SBEs can do more. They can be operated sustainably from a social and environmental perspective, too.

What might this look like? An SBE serving food might provide its customers with healthy fare and educate them about the need for good nutrition, while minimizing its environmental impact. An SBE based in the automotive shop of a school that provides oil changes could make sure that the oil is recycled and educate its customers about the environmental advantages of keeping their cars in tune.

Food from the 'Hood (FFH) at Crenshaw High School in Los Angeles is one excellent example of an SBE that blends good business with good citizenship. Created as a positive response to the riots in South Central Los Angeles in 1992, FFH began as a garden at the high school where students grew organic produce for sale to local residents. This enterprise met an important community need, since many grocery stores had been destroyed in the riots. The SBE has evolved over time. Today, students continue to maintain a garden and in addition create recipes for salad dressings which are produced by a local salad dressing bottler. Students learn horticulture and nutrition along with how to operate a successful business. Profits from the business are used to provide scholarships for its student-owners.

A Work in Progress

Who's Minding the Store? is meant not as the definitive word in how to develop effective SBEs, but, rather, as a first step on the path to providing educators with useful tools. We hope the guide's materials and strategies prove useful to teachers, administrators, students, and community members as they strive to create and operate SBEs which are productive learning experiences.

As a way to foster dialogue among SBE educators, REAL Enterprises is offering professional development workshops for SBE educators beginning in the summer of 1999. These workshops will offer educators a chance to network with other SBE practitioners and practice approaches introduced in this guide. Furthermore, we hope these workshops can lay the groundwork for developing an active national network of SBE educators. Educators interested in attending a workshop should contact REAL Enterprises (see below).

We welcome your comments on the guide. We'd like to know what did or didn't work for you, which sections or materials were useful, and how we can improve the guide. In future editions of *Who's Minding the Store?*, we would like to offer examples of successful approaches and strategies from "the field." Please send suggestions, questions, or inquiries about this guide or the SBE workshops to

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SECTION I:
THE EDUCATOR'S ROLE

What is the educator's role in the creation and operation of a school-based enterprise (SBE)?

As outlined in Assumption #2 in the Preface, this guide assumes that the educator's primary role is to ensure that students are learning from their SBE experience. To maximize this learning, we encourage teachers to use student-centered learning as the basis for working with students. REAL Enterprises has found the use of the following two related teaching tools to be especially helpful to educators interested in utilizing student-centered learning:

1. The Experiential Learning Cycle (see Figure 1), as described in the *REAL Entrepreneurship Curriculum Guide* (1994).

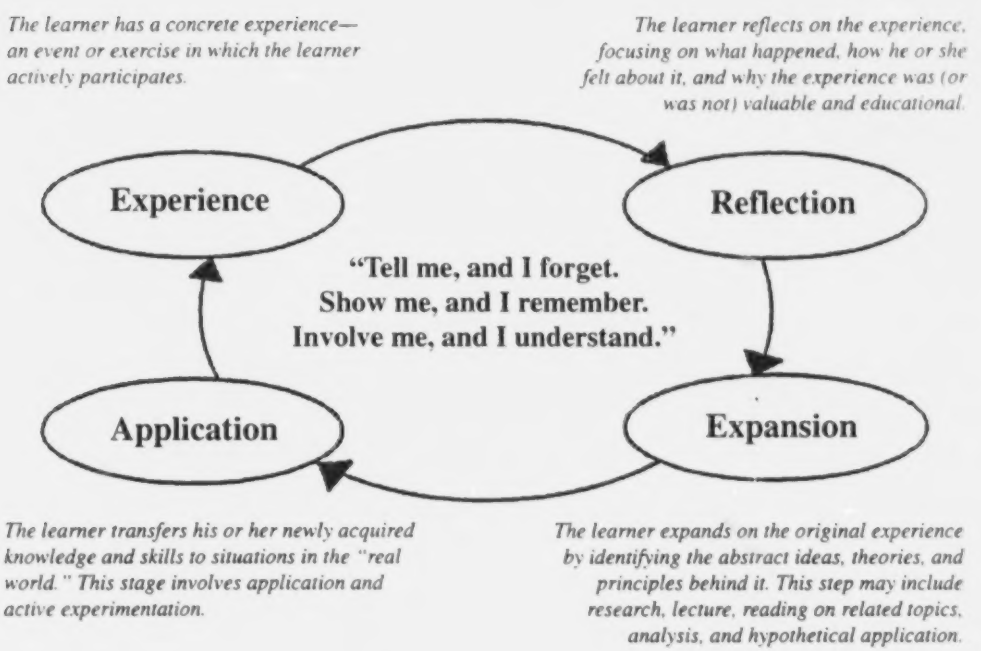
2. Case Western Reserve University professor David Kolb's FORMAT approach to understanding learning styles, which maintains that one way to understand how someone learns is to focus on the learner's preferences for taking in information (on a continuum of concrete to abstract) and for processing information (on a continuum of active to passive). For example, a student who prefers to take in information abstractly and process it passively will be comfortable in a classroom where lecture is the primary method of teaching. Conversely, a student who prefers to take in information concretely and process it actively is likely to learn best in a laboratory environment.

   Understanding that students prefer a range of learning can help an educator learn to teach "to all learning styles." All students thereby have a chance to learn in the way they prefer for some portion of the class, while being challenged to expand their comfort zone at other times.

The activities suggested for use in Sections II and III of this guide provide learning opportunities that can complement "traditional" teaching methods and help teachers expand their range of teaching styles. The *Learning-Style Inventory Self-Scoring Inventory and Interpretation Booklet*, available from Hay/McBer Training Resources Group, Boston, Massachusetts (Phone: [800] 729-8074; website: TRG_McBer@haygroup.com) is an excellent resource for teachers interested in utilizing Kolb's approach to assessing learning

styles. The References and Additional Resources section of this guide lists other publications describing how to use Kolb's model.

Figure 1
The Experiential Learning Cycle


The learner has a concrete experience—an event or exercise in which the learner actively participates.
The learner reflects on the experience, focusing on what happened, how he or she felt about it, and why the experience was (or was not) valuable and educational.
Experience
Reflection
"Tell me, and I forget.
Show me, and I remember.
Involve me, and I understand."
Application
Expansion
The learner transfers his or her newly acquired knowledge and skills to situations in the "real world." This stage involves application and active experimentation.
The learner expands on the original experience by identifying the abstract ideas, theories, and principles behind it. This step may include research, lecture, reading on related topics, analysis, and hypothetical application.

The Educator as "Intrapreneur"

Like an employee in a large company, a teacher in a school system—large or small—must operate within the constraints and rules of an existing organization which, in turn, must operate within the constraints of a state department of education. All organizations, and the people who operate them, can be resistant to change; an educator seeking to implement an SBE or change the way one operates is bound to encounter resistance.

In essence, an educator trying to implement a new program is acting as an entrepreneur within a system—that is, as an "intrapreneur." While there are no hard and fast rules for intrapreneurial success, here are three suggestions for making the process of internal innovation easier.

1. **Have a plan and clear objectives.**
   Taking the time to formulate a plan of action upfront and determine your objectives for the SBE can help you prioritize your efforts and articulate what you are trying to achieve.

2. **Know your limitations and find allies who can help.**
   A myth about entrepreneurs is that they are "loners" who rely only on their own abilities to succeed. In fact, successful entrepreneurs know their strengths and weaknesses and are able to get help with their areas of weakness. Similarly, an educator innovating in a school setting needs help from others to succeed.

3. **Treat other stakeholders as customers.**
   Ask yourself, "What does my administrator have to gain from an SBE?" "What do parents and community members have to gain?" "How about students?" Helping potential stakeholders of the SBE understand its benefits can assist in overcoming barriers.

While little has been written about intrapreneurship in secondary school settings, the References and Additional Resources section of this guide contains several suggestions of books about intrapreneurship in the corporate and higher education settings.

Does Hands-On Learning Mean "Hands Off" for the Teacher?

Not necessarily. While a driver's education teacher will usually be riding along with student drivers (facilitating the experience), there are aspects of the process that must remain in his or her control. For example, it would be irresponsible of the teacher to let a student keep the keys overnight, and it would be unrealistic to expect the students to take responsibility for maintaining the car's oil level. Furthermore, there are times when the teacher may need to take the wheel (to demonstrate parallel parking) or lecture (to impart information on traffic signs).

Similarly, the educator working with students in an SBE will need to be flexible. In certain situations, it will be important for the educator to retain control. For example, any SBE handling cash requires strict financial and teacher oversight, due to the legal and public relations importance of handling funds correctly. Other aspects of the enterprise may provide

opportunities for students to exercise their own judgment once they have gained a basic understanding of the tasks. In these cases, an educator might provide some direct instruction and then take a more facilitative role. In general, it is important that the educator be comfortable with a range of roles and a variety of teaching methods.

If you are a teacher contemplating starting an SBE, we suggest that you pause to consider the following questions:

1. Are you willing to commit time to helping run a business? How much?

2. Are you willing to try a variety of approaches to teaching?

3. Are you willing to give up some control of your classroom?

4. What are you willing to risk?

There are, of course, no right or wrong answers to these questions. However, because of the demands inherent in any SBE, no matter how small or simple, if a teacher's answers to the first three questions are not positive, then an SBE—at least one that provides quality learning and entrepreneurial experiences—may not be a good choice.

Deciding what you are willing to risk can help you determine how much control you'll need to exert and the questions you'll need to pose to students. For example, are you willing to risk . . .

- the enterprise losing money initially?
- the enterprise closing because it is unprofitable?
- competing with other enterprises or fundraising efforts in the school or in the surrounding community?
- dealing with inappropriate advertising slogans?

All of these instances can be rich learning experiences, but you (and your students) must determine the level of risk you are willing to accept.

The 7 C's of School-Based Enterprises

Teachers working with SBEs face many of the same challenges that a driver's education teacher does. Not only must they help a group of young people with different skills and temperaments "keep the car [SBE] on the road," they must organize and deliver a classroom component which helps students make sense of the experience of driving a car (running an SBE) and avoid costly errors.

Based on REAL's experience working with a number of SBEs and observing and learning about others, Figure 2 summarizes the "7 C's," a list of seven key issues that are critical to creating a profitable SBE from the perspective of both money and learning. Teachers can use these "7 C's"—Commitment, Control, Cash, Continuity/Closure, Community, Cooperation, and Curriculum—as a guide in the design and operation of SBEs.

The activities and strategies suggested in this guide touch on each of the C's in some way; the questions posed in Figure 2 are only intended as a starting point for teachers. Depending on the SBE chosen by a school, certain C's may be more important than others. For example, if an SBE serves a market outside the school, then Community will be a particularly important category to explore.

Figure 2

The Seven C's for Successful Student-Run School-Based Enterprises

	Key Questions	Strategies for Success
Commitment	• How do we build student ownership of a new or existing enterprise?	
Control	• How do teachers learn to "step back" so students can experience the responsibility that comes with control? • How should the business be structured so that students, teachers, and administrators have the control they need?	
Cash	• How do we know if the enterprise is covering its operating costs? • How do we ensure that moneys are handled honestly? • What do we do with the SBE's profits?	
Continuity/ Closure	• How do we bring in and orient new students so they can manage the business effectively and creatively? • How do we evaluate the SBE experience for and with students at the end of their tenure? • When should the SBE be closed?	
Community	• What is the market the enterprise serves? • What is the business' niche? • How will the business avoid competition with other in-school income generating ventures or businesses in the wider community? • What are the social benefits of the enterprise?	
Cooperation	• How will students learn to work together effectively? • When will students be able to meet to discuss management of the business?	
Curriculum	• What do we expect students to learn through their experience in the business? • What are the expected learner outcomes? • How can the SBE integrate with other courses?	

SECTION II:
BEFORE THE DOORS OPEN:
INVOLVING STUDENTS AND OTHER STAKEHOLDERS FROM DAY 1

School-based enterprises (SBEs) get started in many different ways. In a rural community, the only hardware store closes and school administrators and other community members feel the need to start a new one. An urban science teacher may stumble upon the need for an SBE as she experiments with ways to add a hands-on dimension to her classroom. Students may decide a school needs a snack bar.

Regardless of who comes up with the idea, this guide assumes that responsibility for working with students will rest ultimately with a teacher. Furthermore, the teacher will be the primary engine for creating an SBE that blends profitability, learning opportunities, and social responsibility.

This section describes strategies and activities educators can use to involve an SBE's "stakeholders"—those who have a stake in how the SBE is to be set up and operated. In addition to the students and educator (who will be involved in the day-to-day operations of the SBE and therefore have much at stake), stakeholders might include the following individuals:

- School system and building administrators (including the business office)
- Parents
- Local business people
- Maintenance staff at the school
- Others who can help or who will be affected by the SBE's operations

It is wise to involve stakeholders as early as possible in the process. Most people appreciate being asked for their opinion and input on a project that affects them in some way. Even if a stakeholder does not end up with a large role in the SBE, he or she will have a chance to contribute his or her thoughts.

The steps outlined in this section should be useful even if you already operate an SBE. Indeed, all projects and enterprises can benefit from the steps outlined in this section, regardless of how long they have been underway. These activities can be good "shots in the arm." For example, it can be very useful to clarify goals and objectives for an SBE that has been operating for some time, for it may provide an opportunity for stakeholders to better understand each others' interests and needs. Or, developing a plan for an SBE that has been running for some time without one may help in identifying new products or services.

The following are a series of steps to help educators get the SBE off to a good start:

1. Clarify goals and objectives for the SBE
2. Build a team
3. Choose a business idea
4. Write a business plan
5. Present the plan

We emphasize the need to develop a business plan for the SBE. Planning has several benefits:

- It is a logical way to involve stakeholders.
- It is an engaging and challenging educational activity.
- It provides a way to measure the SBE's performance over time.
- It increases the chances that the SBE will succeed, by identifying problems in business ideas before time and money are invested and by providing a chance to think creatively and strategically.

Even if (and perhaps especially if) an SBE idea is to be pursued regardless of its merit (for example, a teacher is told by the principal that he or she will start an SBE that does not seem feasible), a business plan involving students and other stakeholders is critical. If the idea is a good one, the business plan should confirm its merit. If it isn't, the plan can help the teacher and students argue for a different idea. At the end of this section, you will

find a number of "Tools," activities and forms you may wish to use to accomplish the steps outlined in the section.

Clarifying Goals and Objectives

Unclear or unrealistic expectations can be a major problem for an SBE. In considering the same SBE idea, an administrator might see a chance to raise funds for a department, a teacher might see a way to teach job skills, and students may view it as simply a chance to create an afterschool job. These varying perspectives can lead to misunderstandings and conflict as the SBE moves from an idea to reality.

With a little preparation and forethought, schools can defuse a potentially difficult situation. First, identifying and acknowledging the variety of viewpoints among stakeholders can help them see the SBE in a bigger context and provide an opportunity to create an SBE that is a "win-win" situation. Second, being clear upfront about what an SBE can realistically accomplish—monetarily and educationally—can help the stakeholders in an SBE avoid disappointment and disenchantment down the road.

Here are some suggested steps for clarifying SBE goals and objectives:

A. Arrange a meeting to discuss the goals and objectives of the SBE, to be led by the teacher who will be working with the SBE. Invite potential SBE stakeholders (see the list on the previous page for suggestions). Suggested agenda:

- Explain the purpose of the meeting
- Brainstorm:
  - The potential benefits of an SBE
  - Potential pitfalls of an SBE
- Use the activity "Goal Post" (see Tool #1 at the end of this section) to set appropriate goals for the SBE.
- Describe the process for developing the business idea, touching on the following:
  - Who will develop the plan for the business

- Who will make the "go/no go" decision on the business
- When these two steps are to be completed

- Assign roles, responsibilities, and next steps.

B. Provide participants with a concise, written summary of the goals of the SBE.

C. Create a flow chart describing the roles of administrators, teachers, and students in creating and operating the SBE. (Figure 3 contains the matrix developed by Deborah McKoy, a graduate student at the University of California, Berkeley, to describe key stakeholders' responsibilities in the Oakland Unified School District's [OUSD's] AcademiesWork initiative. OUSD's Career Academies created a broad range of SBEs to provide work-based learning experiences for students. The Media Academy at Fremont High School, for example, operates a radio station, newspaper, and magazine.)

We offer the OUSD chart as an example of one way to describe the roles of various stakeholders in the process. The stakeholders in another school or school system may be different; for example, the level of participation by the District Office and local community organizations may be unique to OUSD, due to the systemwide nature of the Oakland effort. Nonetheless, this approach to describing the roles of interested parties can be very useful to educators undertaking an SBE. A blank matrix is included as Tool #2 at the end of this section.

Figure 3
OUSD AcademiesWork Student-Run Enterprise Phase Chart, 1997-1999

Partners	Phase 1 (Summer) *Prep-Time*	Phase 2 *Planning*	Phase 3 *Start-Up*	Phase 4 *Operating*
Student Owners (SOs)		• Recruitment • SBE conceptual development • Community mapping • Business plan development and/or revision • Assign tasks and responsibilities	• Operationalize business plan • Manage operations/production • Order materials/equipment • Create financial mgt. system • Hold business meetings • Launch marketing plan (Make business cards, flyers, etc.) • Sign SO SBE contracts • Peer training • Assign tasks and responsibilities	• Generate first sale • Expansion/close down • Manage production • Maintain financial mgt. system • Recruitment • Peer training
Teachers	• Receive SBE training • Resource identification • Academy teacher collaboration (teachers assemble a team within academy) • Get business/entre. class on master calendar	• Develop education plan • Develop learner outcomes • Curriculum development • Supervise/consult on business plan • Academy teacher collab. • Ongoing assessment	• Implement education plan • Integrated assignments • Supervise/consult on business plan • Academy teacher collab. • Ongoing assessment	• Implement education plan • Integrated assignments • Supervise business operations • Academy teacher collab. • Ongoing assessment
Business and Community Organizations	• Provide SBE teacher training • Technical assistance (T.A.) • Identify resources/funding • Foster networking • Evaluation	• Hold field trips/site-visits • Ongoing T.A. • Business plan assessment • Curriculum development assistance • Technical training (i.e., financial software, etc.) • Evaluation	• Resource identification • Ongoing T.A. • Customer identification • Technical training (i.e., financial software, etc.) • Evaluation	• Secure good support network • Ongoing T.A. • Customer identification • Technical training (i.e., financial software, etc.) • Evaluation
District Office	• Foster collaboration • Secure funding • Support master calendar scheduling • Evaluation	• Foster collaboration • Facilitate transfer of funds • Support master calendar scheduling • Evaluation	• Foster collaboration • Oversee expenditures • Support master calendar scheduling • Evaluation	• Foster collaboration • Oversee expenditures • Support master calendar scheduling • Evaluation

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Building a Team

SBEs provide an opportunity for students (and other stakeholders) to learn to work together effectively. Not only will a well-working team help ensure the success of the SBE, but developing the ability to work well with a group is an important skill for young people to carry with them as they graduate, enter the workforce, participate in communities, and start families.

Since schools do not always provide opportunities for students to work together (it's often called "cheating"), a teacher may find it useful to help students practice and reflect on the process of working together. The following exercises—or others focusing on group process skills—may be useful.

- The activity "Broken Squares" (Tool #3) focuses on communication and the need to share information so that the entire group can be successful.
- The activity "Structures" (Tool #4) is a fun way to practice planning and executing a project under time constraints.

Choosing a Business Idea

Selecting the right business idea is an important step in the process of establishing a successful SBE. Figure 4, "Ideas for School-Based Enterprises," a list generated by teachers at the REAL Institute in the summer of 1998, demonstrates the range of ideas that might be chosen for an SBE.

The process outlined below assumes that an interested group of students (along with other stakeholders if necessary) will be involved in this important choice; however, the same process could be undertaken by an individual. In any event, before starting on the process, be sure to share the following information with the group:

- The steps you'll be taking
- What's expected of them
- How the decision will be made

Figure 4

Ideas for School-Based Enterprises

(Generated by teachers at the REAL Institute, July 1998)

Art co-op
Auto repair, detailing
Bakery
Baseball card (collectibles) shop
Bookstore/newsstand
Card shop
Carpet cleaning
Catering
CD, audio book resale
Coffee shop
Comic book shop
Community newspaper
Computer (and other equipment) repair, resale, technical assistance
Concession stand
Copying center
Crafts
Custodial services
Day care
DJ service
Elder care/delivery service
Entertainment management
Event planning/management
Food cart
Framing
Greenhouse
Hair/nail salon
Internet cafe
Jewelry making
Laminating
Laundry service
Maid service
Mailing/packaging service
Malt shop (after school)
Photography
Pig breeding chain
Printing/publishing
Private child care
Product construction (industrial arts)
Prom services
Recycling service
Saturday morning business
School store
Shoe care
Shopping service
Ski sharpening, repair
Snowmobile repair
Student credit union
Swap shop
Tailoring
Tutorial service
Typing/word processing service
Vegetable stand
Vintage clothing
Wallpapering
Wood splitting, delivery

This last point is especially important. If students can truly choose the type of SBE they wish to plan and operate, they need to know that *they* must make this decision. If their role is simply to recommend—to a teacher or to an administrator—the type of business that should be pursued, they need to know that, too. The process can work either way, but it is important that the teacher know ahead of time who is making the decision and communicate this to the group.

- Brainstorm SBE ideas for your school. Use the rules for brainstorming outlined in "Brainstorming" (Tool #5). Encourage students to consider ideas that are linked to curriculum areas or those that could serve markets outside the school.

- Once a list of potential ideas is generated, narrow the list to the five ideas with the most support among the students and teacher(s). To weigh the merits of these ideas, have students complete the "SBE Idea Feasibility Scan" (Tool #6) for each idea.

These questions will be addressed in more detail through the business planning process. At this point, they are useful for checking SBE ideas for initial feasibility.

Note: If there is no choice about the type of SBE to be operated, the Feasibility Scan can still be useful as a way to identify potential issues the business may face.

- Review the Feasibility Scans with the group, discussing the pros and cons of each idea. For this stage of the process, it may be advantageous to assign one student the role of facilitator whose job it is to ensure that all students have an opportunity for input.

- Decide! Once you have chosen a business idea, share the idea with stakeholders (e.g., administrators, community people) who were not involved in making the choice. Ask for their feedback. Inform them that the next step is to write a business plan for the SBE idea.

Writing the Business Plan

Once a promising SBE idea has been chosen, it is time to write a business plan for the idea. The business plan covers the three major components of any business—finances, marketing, and operations—plus a fourth area critical for SBEs: social responsibility. The business plan represents the planners' best educated guesses about how the business will function: how much money will be required at the start, how much money it will make, who will buy its products and services, what it will take to operate the business day-to-day, and how the business will use its resources to serve the school and larger community.

How long should the business plan be? How detailed? The answers to these questions depend on the SBE itself—for example, how complicated it is to run, how many products and services it will sell. One successful framework for developing a business plan for an SBE has been developed by Ann Smith, the instructor for the Business and Management (BAM) program at the Sno-Isle Skills Center in Everett, Washington. The areas addressed in the "BAM Business Mini Business Plan" (Tool #8) should be sufficient for most SBEs.

The business planning process is an excellent opportunity for collaboration between the SBE and academic programs, since there are abundant chances to utilize English, math,

and research skills. If the SBE is linked to a particular academic area, the plan may be an opportunity for students to investigate some aspect of that discipline. For example, if the business is to be a photography studio, there are many learning opportunities in the area of science: how a camera works, the chemistry of the developing process, the environmental impact, and methods for safe handling of the chemicals used in the process.

- Use the Activity "Banker/Entrepreneur" (Tool #7) to help students identify the key components of a business plan. Discuss the components of the business plan that are most important for the chosen SBE.

- Using the "BAM Business Mini Business Plan" as a guide, help students develop a business plan for the SBE. Depending on the size of the group, it may be advisable to assign teams of students to particular sections of the business plan. If this is done, be sure to build in time for the subgroups of students to coordinate their efforts, share information, and review and revise the plan.

- Once the business plan is complete, help students develop a concise oral presentation of their idea to key audiences. These might include the entity that will provide start-up funding (if any), the school's administration, and the local School Board or other stakeholders. Use the activity "Drumroll, Please!" (Tool #9) to help prepare students. The activity includes tips for using videotape to help students practice and review presentations.

Tool 1
Activity: Goal Post

GOAL POST

Purpose:

- To set goals.
- To create support for achieving goals.

Materials:

- Copies of the "Goal Post" grid (1 per participant)

Time:

20-40 minutes

Procedure:

1. Identify a particular project or period of time for which you want students to set goals (e.g., completing the business plan).

2. Discuss the importance of goal setting and some ways to make the process more effective. One way to think about goals is to make them SMART (source unknown):

   S Specific: Decide exactly what it is you want to accomplish, learn, or do and express it in specific terms.

   M Measurable: How will you know when you've accomplished your goal? Figure out a way to measure your success.

   A Attainable: Set yourself up for success; reach high, but not so high that your goal is out of reach.

   R Responsible: Determine who is responsible for accomplishing the goal, and create circumstances that reinforce each person's responsibility. Start by publicizing the goal.

   T Timed: Set a deadline (or several) and stick to it.

3. Distribute copies of the "Goal Post" grid. Use one of your own goals to illustrate how to use the grid. In particular, explain that large goals such as completing the business plan should be divided into smaller, more manageable pieces.

4. Ask participants to fill in the grid, making it SMART.

5. Allow time for participants to post the goals they've set (orally and then on a bulletin board, for instance). Leave the grid sheets posted so that students keep the goals in sight and in mind.

6. Frequently revisit the goals and check off those that have been accomplished. Celebrate success! If necessary, revise goals or set new ones to reflect changing needs or circumstances.

Reflection:

Discuss with students the effect of setting goals and then the feeling of accomplishing them. Questions such as these may be useful:

- Of the goals you set, which do you consider the most challenging at this point? Why?
- Do any of us share the same goals? How might we help each other achieve them?
- How can we stay focused on our goals?
- What other areas of your life might benefit from setting SMART goals?
- What are some ways you reward yourself when you achieve a goal?
- What other goal setting strategies work for you?

Journal: Review your "Goal Post" grid and make a list of the things you'll need to obtain or do in order to achieve the goals you've set. For example, in order to achieve the goal of writing a mission statement for your business, you might need to collect examples from other businesses first.

Bridges:

- An essential part of the process is to revisit goals periodically and check on progress. Work this into your lesson plans. Of course, goals may need to be adjusted, changed, or even eliminated given new information or circumstances.
- Ask an entrepreneur to visit the class and discuss ways goal setting is used in business (e.g., in setting sales goals or making financial projections). Ask the speaker to suggest effective goal setting strategies.

Name: _____ Date: _____

Goal Post

What is your goal? What do you want to achieve?	**Who** can help you achieve the goal?	**When** do you hope to complete it?	**How** will you accomplish the goal?	**How** will you know you've succeeded?
1.				
2.				
3.				
4.				
5.				

T1-3

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Tool 2
School-Based Enterprise:
Implementation Roles and Responsibilities

School-Based Enterprise
Implementation Roles and Responsibilities

Stakeholder	Phase I Preparation	Phase II Planning	Phase III Approval & Start-up	Phase IV Operating
Students				
Teacher(s)				
Administrators				
Community/Business				
Other:				
Other:				

T2-1

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Tool 3
Activity: Broken Squares

BROKEN SQUARES

Purpose:

- To practice group problem solving.
- To feel the effects of limited communication.
- To identify behaviors which help and/or hinder the group process.

Materials:

- Sets of broken squares (1 per group of 6 participants), each requiring . . .
  - 3 sheets colored card stock
  - 5 letter-sized envelopes
- Handouts: "Group Instruction Sheet" (1 per group)
  "Observer Instruction Sheet" (1 per group)
- A table (or space on the floor) for each group, with seating for five

Time:

45 minutes

Procedure:

1. Prepare sets of broken squares in advance, following the directions attached.

2. Begin the activity by asking participants to define "cooperation" and to list behaviors and qualities which contribute to it. List responses on the board.

3. Explain that you would like them to participate in an exercise that will require cooperation. Encourage them to practice the behaviors and qualities they identified in their discussion.

4. Divide participants into groups of six and ask each group to choose an Observer. Give each Observer a copy of the "Observer Instruction Sheet" and the broken squares envelopes for his or her group. Ask him or her not to distribute the envelopes until you give the signal.

5. Distribute a "Group Instruction Sheet" to each group. Go over the instructions together, then ask if there are any questions.

6. Give the signal for groups to begin working. During the exercise, circulate among the groups to enforce the rules established on the instruction sheet.

7. When all groups have completed the task, proceed with the debrief.

Reflection:

Lead a discussion of the activity with questions such as these:

- What was your assigned task? In a nutshell, how did you complete it?
- Observers, how did you answer the questions on your sheets?
- Revisit the class' definition of "cooperation." Which behaviors and qualities did your group use during this exercise? Which were difficult to apply in this case? Why?
- How did you feel during the activity? Why?
- How is this activity similar to other tasks which require cooperation? What similar experiences have you had?
- What did you learn from "Broken Squares"? How do those ideas apply to a business setting?

Bridges:

- Use "Broken Squares" as a way to build group unity and to focus on the behaviors which make for an effective group process.
- This activity may be particularly useful if participants are having trouble "bonding" and feeling a sense of shared purpose. In that case, be sure to emphasize the discussion of cooperation and the behaviors that promote it.
- Consider using this exercise during Community Analysis, when participants must work together and share information.
- Other activities which develop group problem-solving skills include "Cooperation Countdown," "Structures," "Toxic Spill," and "Trust Games."

GROUP INSTRUCTION SHEET

Each of you will be given an envelope containing pieces of paper which form squares. Your group's task is to form five squares of equal size, one square in front of each participant (not including the Observer). The rules are as follows:

1. You may not speak, point, write messages, or communicate in any way.
2. You may GIVE pieces away but may not TAKE pieces from others.
3. You may not put pieces into the center of the table for others to take.
4. You may give away pieces even if you have completed a square.
5. All pieces must be used.
6. Everyone in the group must have a completed square at the end.

After you have reviewed the rules above, give this sheet to your group's Observer. He or she will help enforce the rules during the exercise.

OBSERVER INSTRUCTION SHEET

As the group's Observer, you have two roles. First, you are to help your instructor enforce the rules on the "Group Instruction Sheet." Second, you should watch carefully and answer the following questions:

1. Who is willing to give away pieces of the puzzle?

2. What do participants do when they have completed their squares?

3. Does anyone struggle with his or her square but refuse to give pieces away?

4. Who is actively engaged in solving the puzzle?

5. Describe the emotions of the group. What is the level of frustration?

6. Do you notice a turning point at which the group begins to work together?

7. Does anyone try to violate the rules? How do they respond when you enforce the rules?

DIRECTIONS FOR MAKING A SET OF BROKEN SQUARES

1. Determine how many groups you will have (6 participants per group). You will need one set of squares for each group of six.

> **Tip:** If your class does not divide evenly into groups of six, you may reduce the number of people in each group and squares in each set. Or, you may ask the Observer to watch more than one group during the exercise.

2. Make copies of the diagrams on the following pages on colored card stock. You will need one set of copies for each group. Be sure you don't mark on or cut up the originals.

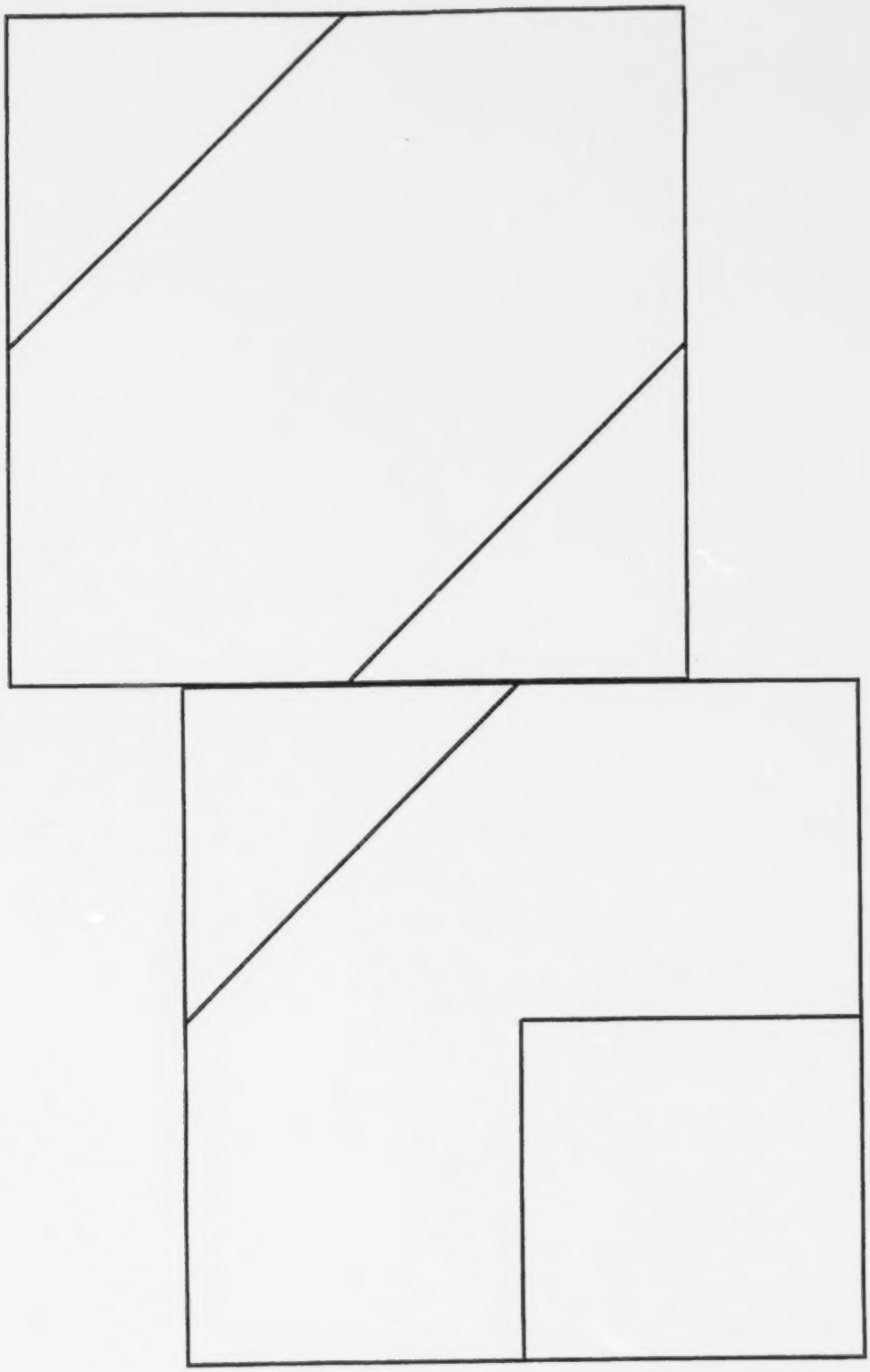
> **Tip:** It may be easier to keep the sets organized if you copy each set on its own color of card stock.

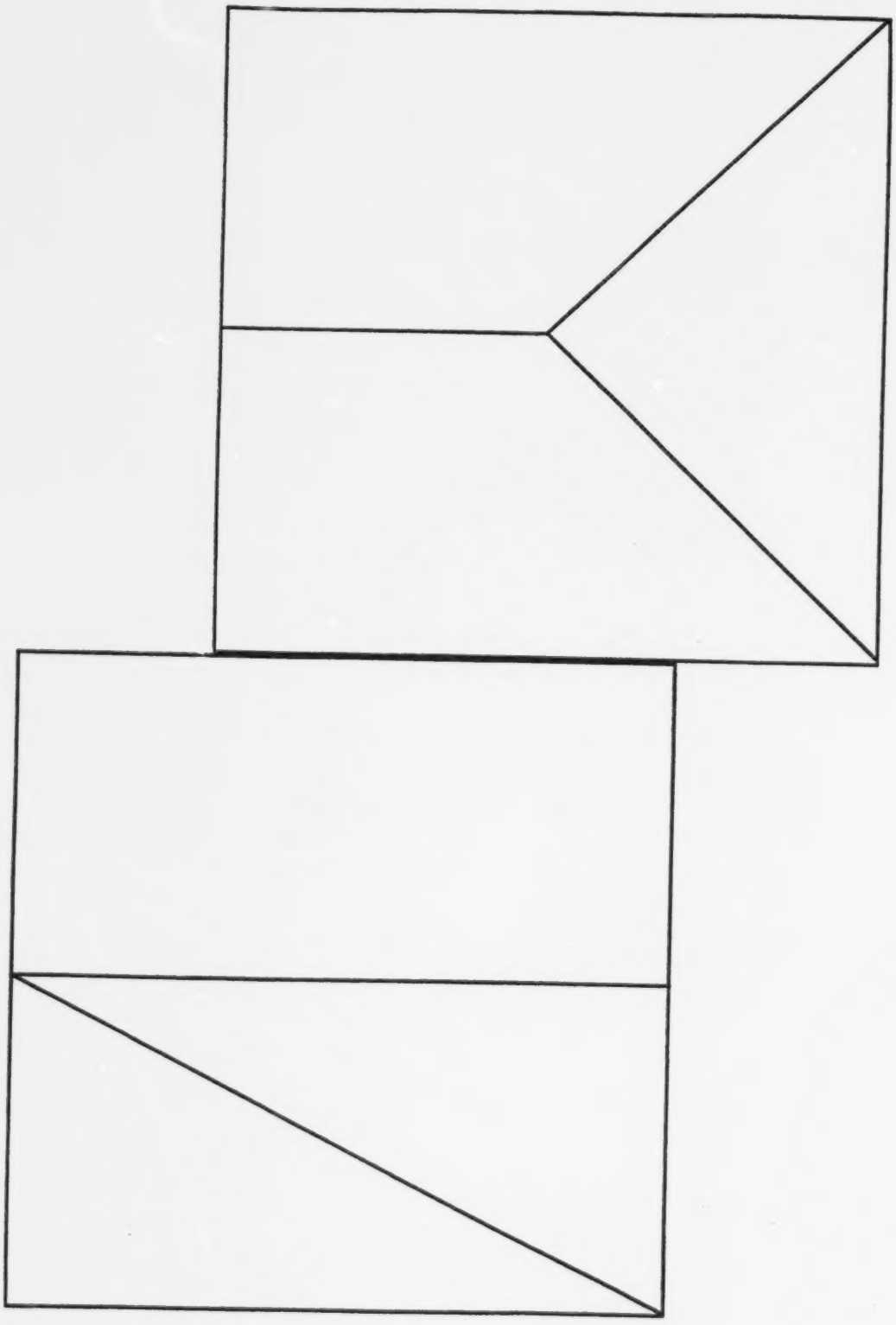
3. Carefully cut the pieces along the lines.

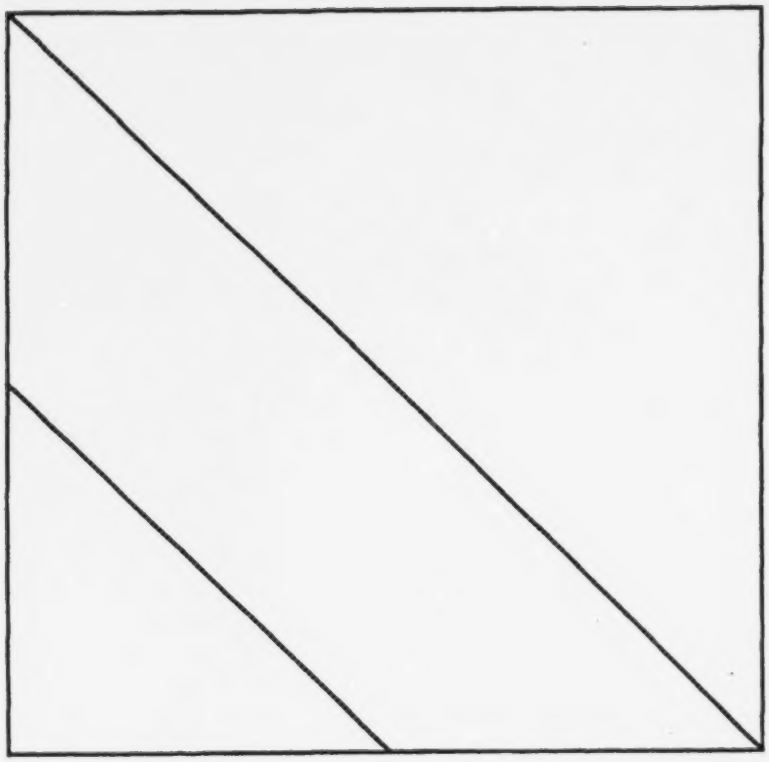
4. For each set, scramble the pieces and put them randomly into five envelopes. Vary the number of pieces (2, 3, or 4) in each envelope. Put an elastic band around the five envelopes and keep them separate from the other sets.

> **Tip:** If you have made each set of squares a different color, mark the envelopes with that color to keep the pieces organized.

5. The "solution" to the "Broken Squares" puzzle is illustrated on the following pages. Only share this with class members if no one can solve the puzzle!







Tool 4
Activity: Structures

STRUCTURES

Purpose:

- To explore the dynamics of group problem solving.
- To emphasize the need for planning and taking action in any undertaking.
- To practice working toward a goal.

Materials:

- Prize for the winning team (optional)

Variation 1

- Masking tape (1 roll per group)
- Newspapers (1 five-inch stack per group)

Variation 2

- Transparent tape (1 roll per group)
- Plastic drinking straws (about 50 per group)

Variation 3

- Uncooked spaghetti (20-40 pieces per group)
- Gumdrops (5-15 per group)

Option: Give different amounts of materials to each group, demonstrating that, in business, the distribution of resources is not always "fair."

Time:

60 minutes

Procedure:

1. Divide participants into groups of three to five people. Choose a variation (1, 2, or 3 above) and distribute materials to each group. Ask them not to touch the materials until you have given instructions.

2. Give the following instructions:

Variation 1: "As a team, you are to plan and build a free-standing shelter which you can all fit inside, using only the newspapers and the tape. No other supports (such as

walls, chairs, or ceiling) may be used, but you may tape your shelter to the floor if you wish. Total time for this task is 30 minutes. You may take as much time as you wish for planning, but once you start building, you may not go back to the planning stage. During planning, you may talk but not touch the materials. During building, you may touch the materials but not talk. Are there any questions?"

Variation 2: "As a team, you are to build the tallest tower possible using only the tape and drinking straws. No other supports or materials may be used. Total time for this task is 20 minutes. You may take as much time as you wish for planning, but once you start building, you may not go back to the planning stage. During planning, you may talk but not touch the materials. During building, you may touch the materials but not talk. Are there any questions?"

Variation 3: "As a team, you are to build the tallest tower possible using only the spaghetti and gumdrops. No other supports or materials may be used. Total time for this task is 20 minutes. You may take as much time as you wish for planning, but once you start building, you may not go back to the planning stage. During planning, you may talk but not touch the materials. During building, you may touch the materials but not talk. Are there any questions?"

3. Be sure instructions are clear, then start the clock.

4. Circulate among the groups while they are planning and building their structures (you may need to enforce the rules). Announce the time remaining periodically. After 30 (20) minutes, call time. Be sure everyone has a chance to show off their structure before the debriefing. Groups may clean up at this point or wait until after the debriefing.

Reflection:

Use questions such as the following to debrief the exercise:

- What were your feelings as you did this exercise? Did they change as you got into the exercise?
- What problems did you encounter, and how did you deal with them?
- Did "Structures" remind you of other situations you have been in? How?

- What did this activity suggest to you about group work? About planning and implementation? About yourself?
- How does this exercise relate to starting a business?

Bridges:

- This activity is a fun and active introduction to the business planning process—people are energized by the creativity and discussion it inspires.
- "Structures" draws attention to the importance of planning and doing. It may help students who are bogged down in some aspect of the business plan to keep moving forward.

Tool 5
Brainstorming

BRAINSTORMING

Purpose:

- To generate a large quantity of data, ideas, or solutions.
- To encourage the free flow of ideas.

Materials:

- Flip chart or chalkboard

Time:

10--30 minutes

Procedure:

The object of "Brainstorming" is to generate a great number of ideas, data, or solutions without evaluation. The process promotes divergent thinking, reduces participants' inhibitions, increases creativity, and involves all group members. Develop questions or problems to be addressed prior to the Brainstorming session. The steps for Brainstorming are as follows:

1. Review the rules for Brainstorming with participants:
    - No commentary, including nonverbal criticism, is allowed.
    - Quantity is what counts.
    - Variations of ideas are welcomed. "Hitchhiking" on another participant's ideas increases the number of responses.
    - "Wild and crazy" ideas are welcome. There are no "bad" ideas in Brainstorming.
2. Work in groups of not more than about 12 members to encourage individual participation. Instruct each group to choose a recorder.
3. Present the question or topic to the class.
4. Allow 5-10 minutes for participants to list ideas or answers in one of two ways:

- In structured Brainstorming, each member of the group has a turn to share an idea in round robin fashion. A participant can choose to pass if she or he doesn't have an idea during a round.

- In unstructured Brainstorming, participants share ideas as they come to mind. Sometimes it is helpful to have two recorders if the ideas are flowing rapidly.

5. Continue the session for a few minutes after the flow of ideas starts to slow. The best ideas often come at the end of a session.

6. If the class has been divided into groups, ask the recorders to share their group's ideas with the class.

7. Type the results of the Brainstorming session and distribute them to participants, if appropriate.

Variations:

- When a group starts to bog down, suggest that participants brainstorm the opposite question. For example, if the original question was "What are the best ways to promote a small business?" change the question to "What are the worst ways to promote a small business?"

- Try "role-storming," in which participants take on the role of someone else (e.g., a competitor, supervisor, or a banker). This is especially helpful when participants are reluctant to participate or afraid to offer "crazy" ideas.

- Call a "time-out" for a minute or two of silence during a particularly intense Brainstorming session. This tends to refresh participants and generate additional ideas.

Tips:

- When Brainstorming for the first time with a group, try a group brainstorm for 30-60 seconds, focusing on what comes to mind when hearing a single word (e.g., Oklahoma, baseball, apple).

- Focus on the quantity of ideas with encouragement like, "Let's try to generate another dozen!"

- Bring a whistle to class and blow it whenever someone criticizes an idea.

Tool 6
School-Based Enterprise Idea Feasibility Scan

SCHOOL-BASED ENTERPRISE IDEA FEASIBILITY SCAN

Evaluator: _____ Date: _____

Business Idea: _____

_____

1. What need(s) in the school or surrounding community does the proposed business meet?

2. Would this business compete with other businesses, clubs, or projects inside or outside the school?

3. Is the idea an appropriate one for a school to sponsor? Will the school be proud of the business? Why or why not?

4. What facilities in the school would the business need to use, and are they available?

5. What other classes in the school might provide assistance or help students gain knowledge on topics that would apply to the business?

6. What expertise would the students and teacher(s) working in the business need to make the business successful?

Tool 7
Activity: Banker/Entrepreneur

BANKER/ENTREPRENEUR

Purpose:

- To build knowledge of business planning.
- To build understanding of the various parts of the business plan.
- To understand the different purposes of a business plan.
- To experience the dynamics of the interaction between bankers and entrepreneurs.
- To develop group process, problem-solving, cooperation, and participation skills.

Note: This activity is useful early in the business planning process, when participants may or may not have any prior knowledge of business plans and the planning process. The instructor should be familiar with the components of the business plan (see the following outline) and share the outline after the activity is over.

Materials:

- Copies of handouts:
  - "Instructions for Bankers" (1 per group of bankers)
  - "Instructions for Entrepreneurs" (1 per group of entrepreneurs)
  - "REAL Business Plan Outline" (1 per participant)
- Flip chart and markers
- Tape or pins

Time:

90 minutes

Procedure:

1. Without giving away the "identity" of each group, divide the class into two groups (bankers and entrepreneurs) of no more than six people each. If the class has more than 12 participants, create additional groups. There should be the same number of "banker" groups as "entrepreneur" groups.

2. Send the banker groups into a separate room.

3. Without letting the groups hear each other's instructions, give each group a copy of the appropriate instructions, review them, and answer any questions about the

assigned task. Give each group flip chart paper and a marker, and tell them they have 30 minutes to complete the task.

4. Ask groups choose a recorder, facilitator, and presenter. They should then proceed with the task.

> **Note:** Groups may need help understanding that they are creating a "multi-purpose" outline, not a blueprint for a specific business. Also, they should focus on the sections to be addressed, not the content of those sections.

5. While groups are working on the task, arrange the chairs in one room into two rows, facing each other across a space (or table) of about six feet. When they have finished working, ask the groups to come back together and sit with all the bankers on one side and all the entrepreneurs on the other.

6. Ask the entrepreneurs to present their outlines first. If there is more than one group of entrepreneurs, allow all the groups to report.

7. Next, ask the bankers to share their outlines in the same way.

8. Encourage participants to suggest additional items for the outline. If they have not already realized it, help participants understand that what they have created is, essentially, a business plan outline.

9. Hand out the REAL Business Plan Outline and allow discussion. Explain that business plans come in many forms; this one should work for most microenterprises.

Reflection:

Facilitate a discussion based on questions such as the following:

- What seemed most important to the entrepreneurs? To the bankers?
- Did your group struggle with any part of the assignment? Why?
- Why was the room set up the way it was for the presentations? What effect did this have on the presenters and the groups?

- What can entrepreneurs do to facilitate a good relationship with bankers and other potential lenders?
- What are the purposes of a business plan? How might a plan be used other than to seek funding?
- Many participants will know entrepreneurs who have never written a business plan and have been successful without it. Discuss the reasons for writing a plan and how it might improve one's chances for success.
- Review the REAL Business Plan Outline. Can you think of any business that would not fit this format? What other sections might be needed?
- For the business idea you are considering, which sections of the business plan will require the most research? About which sections are you most confident?

Bridges:

- After "Banker/Entrepreneur," give participants a chance to see and critique some sample business plans. The Small Business Administration, Chamber of Commerce, and other small business assistance centers may be able to provide copies.
- Ask participants (or small groups) to each obtain a business plan sample from a local business, being careful to explain the purpose of the request. Share these in class, then return them if requested to do so.
- Other business plan outlines are available in business textbooks, on the Internet, and in various small business resources. Assemble other outlines and ask students to compare them.
- Invite a local banker to class to share what he or she looks for in a business proposal.
- Invite an entrepreneur to class to discuss the ways he or she has used the business plan.

INSTRUCTIONS FOR BANKERS

You have money that you are willing to lend or invest in a business.

Your group's task is to outline what you would need to know about a potential borrower and his or her business before lending money. Try to create an outline that fits almost any business, not one specific business. Group topics under sections. You may want to use questions to get at the details in each section. For example, in the Management section, you might include the following questions:

- Who will manage the day-to-day operation of the business?
- What is the manager's background and experience?
- What training has he or she had?

At the assigned time, you will present your outline to a group of entrepreneurs (potential borrowers).

Before you start, assign three people in the group to the following roles:

Recorder – to write down the ideas as the group comes up with them
Facilitator – to keep the discussion moving and see that everyone has a chance to participate
Presenter – to share the group's ideas with the class

---------- cut here ----------

INSTRUCTIONS FOR ENTREPRENEURS

You want to start a business, and you need a substantial loan in order to do so.

Your group's task is to outline the information you would use to convince potential lenders to finance your business. Try to create an outline that fits almost any business, not one specific business. Group topics under sections. You may want to use questions to get at the details in each section. For example, in the Management section, you might include the following questions:

- Who will manage the day-to-day operation of the business?
- What is the manager's background and experience?
- What training has he or she had?

At the assigned time, you will present your outline to a group of bankers (potential lenders).

Before you start, assign three people in the group to the following roles:

Recorder – to write down the ideas as the group comes up with them
Facilitator – to keep the discussion moving and see that everyone has a chance to participate
Presenter – to share the group's ideas with the class

REAL ENTERPRISES BUSINESS PLAN OUTLINE

I. **Executive Summary**

One page summary of the plan: purpose, who prepared it, brief description of the business, its products and owners, and form of organization. If you are seeking a loan, include the amount requested, over what period you wish to repay it, the use of the loan proceeds, collateral you are prepared to offer, and your equity investment.

II. **Product or Service**

Detailed description of the product or service (include an example or photo if possible)

A. If you are selling a product: key suppliers and your terms and arrangements with them

B. If you are selling a service: which services will be provided at the business location and which will be delivered "in the field"

III. **Marketing**

A. Target market/customer profile: specify age, gender, income, preferences, location, and so on

B. Industry analysis: what the trends are in your industry

C. Market analysis: total market size and the share you will capture, seasonality, unique aspects

D. Describe the "five P's" for your business

1. Product: how you will design and package your product/service
2. Price: how you will price your product/service
3. Place: how products (and related services) are distributed to the consumer
4. Promotion: what media and marketing methods you will use to generate awareness and interest about your product/service; include examples of your promotional materials (brochures, print ads, copy for radio ads, calendar of events for special/regular promotions)
5. People: who will be responsible for marketing your product/service

E. Competition: list of competitors by name, location, and their strengths and weaknesses; how you will succeed against them; how they will react to your entry into the market

IV. **Operations**

A. Legal structure and why you chose it; include legal/governing documents (articles of incorporation and by-laws for corporation, partnership agreement for partnership)

B. Management and personnel

1. Who the key managers/owners are and what relevant experience and background they bring to the business (include résumés)

2. Describe non-management positions, responsibilities/qualifications, personnel policies

C. Customer service: procedures and policies regarding your work and how you will treat customers

D. Location and operations

1. Your facility, including a store layout, description of business image, hours of operation

2. Operations plan: how you will deliver your product/service to the customer, from start to finish (who does what tasks, how long it takes, etc.)

3. Renovations and equipment list (including prices and condition—new or used)

4. Taxes to be paid, licenses required, and insurance needed

E. Key people: who will provide accounting and legal services, technical assistance and support

V. **Financials**

A. Cash flow projections for three years

1. Loan amortization schedule

2. Detailed assumptions for each line item

B. Breakeven analysis

C. Personal financial statement for all owners, co-signers

D. Risk factors: identify major risks and describe how business will overcome them

Tool 8
BAM Mini Business Plan

BAM BUSINESS MINI BUSINESS PLAN

Executive Summary

Business name:

The purpose or mission of the business:

The image you wish this business to portray:

Form of ownership of the business will be a partnership. To cover the situations that may arise with this form of ownership, complete the attached partnership agreement for your group.

BAM BUSINESS PARTNERSHIP AGREEMENT

Partner Information

Name Address Phone #

How will the responsibilities of the business be shared?

How will decisions about the business be made?

How will the profits of the business be shared?

What happens if a partner leaves the business?

What other miscellaneous information needs to be recorded?

By signing below, all partners indicate their agreement to and will abide by the above specifications.

Partner signatures: Date:

Product or Service

Describe in detail the product(s) or service(s) your business will be providing.

Prepare and attach a sample menu, product list, sample book, or other information on your product(s) or service(s).

What are the benefits of your product(s) or service(s)?

List the suppliers you will be using for the product(s) or service(s) of your business:

Vendor Name	Address	Phone #

Marketing Plan

Describe your target customer:

Expected age:

Expected gender:

Financial status:

Where will you typically find your target customer?

What need or want will your product(s) or service(s) provide for your target customer?

Complete the attached market research questionnaire and obtain answers from ten potential target customers.

BAM Business Market Research

1. What do you think about the name of the business?

#1 _____ #6 _____

#2 _____ #7 _____

#3 _____ #8 _____

#4 _____ #9 _____

#5 _____ #10 _____

2. How much would you pay for our product(s) or service(s)?

#1 _____ #6 _____

#2 _____ #7 _____

#3 _____ #8 _____

#4 _____ #9 _____

#5 _____ #10 _____

3. How would you improve our business idea?

#1 _____ #6 _____

#2 _____ #7 _____

#3 _____ #8 _____

#4 _____ #9 _____

#5 _____ #10 _____

4. What do you think are the main selling points of our business?

#1 _____ #6 _____

#2 _____ #7 _____

#3 _____ #8 _____

#4 _____ #9 _____

#5 _____ #10 _____

5. How should we promote our business?

#1 _____ #6 _____

#2 _____ #7 _____

#3 _____ #8 _____

#4 _____ #9 _____

#5 _____ #10 _____

6. What other product(s) or service(s) do you suggest for our business?

#1 _____ #6 _____

#2 _____ #7 _____

#3 _____ #8 _____

#4 _____ #9 _____

#5 _____ #10 _____

Attach here a sample of your business' logo.

Describe your three main competitors:

	Name	Location	Strength	Weakness
1.				
2.				
3.				

What is your business' competitive edge over the competition?

Describe the marketing method(s) that will be used to sell to your customers.

What are your projected monthly sales goals for the business?

Sept. $ _____	Jan. $ _____	Apr. $ _____
Oct. $ _____	Feb. $ _____	May $ _____
Nov. $ _____	Mar. $ _____	June $ _____
Dec. $ _____		

How did you arrive at these projections? Show your calculations.

What are your costs to produce your product(s) or service(s)? Itemize below and total:

What will you be selling the item for?

What will your profit be on each item?

What will your profit % be?

Purchasing Request

Date: _____ Prepared By: _____

Business: _____ Vendor: _____

Item	Stock #	Quantity	Unit	Price	Total

Total

Sales Promotion Plan

Business: _____

Month	Theme	Activities
October		
November		
December		
January		
February		
March		
April		
May		

Operations Plan

What are your hours of operation?

Complete on the attached "BAM Business Production Schedule" a step-by-step description of how your product(s) or service(s) will be ordered and produced. Set up any forms or notebooks that will be used in your system.

Complete the attached "Monthly Inventory Count" to document all of your start-up inventory. When finished, compare it to last year's final count if available.

List all customer services and policies you will offer in your business:

What environmental issues affect your business and how will you deal with them?

What taxes are applicable to the business? What are their rates or costs?

What permits or licenses apply to the business?

What do they cost?

Who needs to have them?

How are they obtained?

If applicable, list the partners of the business and check them off as they obtain the required permits.

What equipment or production training is required to perform the duties of this business?

Create a training schedule and track completion of the training by each partner.

BAM Business Production Schedule

In the space below (and on additional sheets if necessary), write a step-by-step description of how your product(s) or service(s) will be ordered and produced. Set up any forms or notebooks that will be used in your system. Try to be as detailed as possible so that someone entering the business a month from now could read this and be able to complete the process.

Monthly Inventory Count

Date	Counted by	Plu #	Item Description	Start Inv.	+ Units Rec.	- Units Sold	= Ending Inv.	Phys. Count	Over/ Short	Explanation

BAM Business Training Schedule

Business: _____

List the training activities that need to take place to be able to complete production and use all of the equipment in your business. List the names of each partner across the top and indicate when each of them are "competent" to perform the activity by entering the date in the appropriate box.

Training Activity										

MANAGEMENT, STAFFING, AND FACILITY PLAN

Complete the "BAM Business Rotation Schedule" for the year.

Determine the "Code of Conduct" your business wishes to follow:

Complete and attach a "Weekly Chores" form or similar schedule to assign cleaning and miscellaneous tasks. This schedule can be for as long a period of time as you wish.

Draw and attach a facility layout of your business, including all equipment, supplies, and inventory.

BAM Business Rotation Schedule

Rotation #1 - October-November

Merchandising

Operations

Team Leader/Personnel

Financial

Marketing

Rotation #2 - December-January

Merchandising

Operations

Team Leader/Personnel

Financial

Marketing

Rotation #3 - February

Merchandising

Operations

Team Leader/Personnel

Financial

Marketing

Rotation #4 - March

Merchandising

Operations

Team Leader/Personnel

Financial

Marketing

Rotation #5 - April

Merchandising

Operations

Team Leader/Personnel

Financial

Marketing

Complete the "Weekly Chores List" to assign team members cleaning and miscellaneous tasks. This schedule can be for as long a period of time as you wish.

Weekly Chores List

Completed by: _____ Business: _____

Dates: _____ through _____

Activity	Monday	Tuesday	Wednesday	Thursday	Friday

Financial Plan

Complete purchase requests for all initial inventory, supplies, and equipment purchases and attach. Add the request totals together:

- Your start-up expenses total: $ _____
- The amount of cash available to start your business: $ _____
- Additional funding needed (a minus b): $ _____

Estimate the cashflow of your business on the following page.

	Start-Up	Month:	Month:	Month:	Month:	Month:	Month:	Month:	Month:	Month:	Month:
Beginning Cash Balance											
Income = _____% Increase Over Last Year's Sales											
Expenses											
Ending Cash Balance											

Social Responsibility

What community need would you like to address with a portion of the profits of your business?

What percentage of your profits will you allocate to this community need?

In what other ways will your business practice social responsibility?

Tool 9
Activity: Drumroll, Please . . .

DRUMROLL, PLEASE . . .

Purpose:

- To identify and communicate the major strengths of the business plan.
- To plan, prepare, and deliver an oral presentation.
- To practice discussing the business with an audience beyond the class.
- To give each entrepreneur an opportunity to publicize her or his business and the work she or he has done.
- To prepare to present the plan for funding.

Note: Students are ready for this activity when the final drafts of the business plan are complete. All participants, not just those who will apply for loans, should present their plans. As the instructor, you will have to make arrangements in advance to be sure the equipment, people, and atmosphere are in place to make "Drumroll, Please . . ." a suitable culmination of the class's accomplishments. This is an excellent opportunity to involve members of the community.

Materials:

- Copies of handouts:
  - "Preparing Your Presentation" (1 per student and 1 per reviewer)
  - "Observation Record" (3 per presentation)
- Video camera, VCR, and monitor
- Copies of participants' completed business plans (1 per reviewer)
- Conference table or similar arrangement of desks and chairs
- Seating for reviewers and audience
- Props and equipment as needed by student presenters
- Audience (classmates, community members, administrators, press, and so on)
- Reviewers (4-6 people with knowledge of small business, at least ½ from outside class)
- Nametags (optional, 1 per person)
- List of presenters and businesses in order of presentation (1 per student and guest)
- Refreshments, certificates, other means of recognition for students (optional)

Time:

- Time to prepare presentations (should be done outside class)
- 15-25 minutes per presentation (including speech, Q&A, transition time)
- 30-45 minutes for review and discussion

Procedure:

Preparing the Presentation

1. Distribute copies of "Preparing Your Presentation" and go over guidelines together. Answer questions and make it clear that everyone will participate, and that the presentations are a "big deal." If possible, schedule presentations at this time (deadlines help!).

2. In groups of three to five, students should take turns answering the Ten Topics questions on the handout. Encourage them to give each other constructive feedback and to take notes for themselves.

3. Ask participants to create an outline of the presentation and then fill in specific information from their business plans. Encourage students NOT to write a script, but simply to make notes for each section. Scripted presentations usually sound stiff and tentative.

4. Encourage students to practice their presentations several times for various audiences (parents, peers, the mirror, and so on) before stepping into the spotlight. If possible, allow students to videotape their practice sessions in order to review and critique themselves.

> **Tip:** Reviewing the videotape on fast-forward emphasizes the speaker's physical gestures and mannerisms. Physical idiosyncrasies (talking with hands, crossing arms, excessive body movement) will be apparent on fast-forward.

Preparing for the Question and Answer Session

5. Ask participants to trade business plans. Each person reads another person's business plan, and for each section writes at least one probing question (a question that seeks new or additional information) about the topic addressed. Readers switch plans and repeat the process until every plan has been read and questioned at least three times (plans will take varying amounts of time to review).

6. Return the plan to its author. Students should use the questions to prepare for the Q&A session of the presentation.

Additional Preparation

7. Distribute copies of the "Observation Record" and use it to go over your expectations for the presentations. If students are earning a grade for the class, be sure the presentation figures significantly in that grade, and explain clearly the criteria. You may prefer to have the class devise its own review instrument and grading scale rather than using the "Observation Record."

8. Explain that each student presenter will be evaluated by a team of four to six reviewers. At least two of these should be fellow students (allow the student to choose one of his or her peer reviewers). You may need to coach students in advance on how to give honest, specific, constructive criticism (their tendency is to be too easy and "polite" with each other).

9. Prepare outside reviewers for their role in the presentations. Send them copies of the business plans to be presented at least one week in advance, or allow time before/between presentations to scan the next plan. You may also find it useful to give them copies of "Preparing Your Presentation" and the "Observation Record" so that they know the standards they are to apply. Emphasize that the reviewers' role is to evaluate the plan, the presentation, and the student's readiness to implement the plan. Confirm in writing where and when the presentations are to take place.

10. Assign people to each of the following roles for the day of the presentations:

    - Greeter (welcomes visitors, prepares refreshments, makes introductions, and so on)
    - Photographer (runs video equipment, takes photographs)
    - Technical assistant (helps set up displays, microphone, and so on)
    - Timekeeper (keeps presentations within time limits)

11. Be sure expectations, schedule, and responsibilities for the day of presentations are clear to everyone. Visitors to the class should be made to feel welcome and be impressed with the overall organization and "polish" of the event.

Show Time!

12. Depending on the size of the class, you may decide to spread the presentations out over several sessions, or to highlight only the best three to five plans. However it is done, be sure each presenter is given the same eager attention and amount of time.

13. If nametags are used, be sure all students and visitors have them.

14. Hand out the list of presenters/businesses so that everyone knows the order of presentations.

15. Introduce outside reviewers and other visitors to class. Check that reviewers have the plans and forms they need.

16. Just before each presentation, choose the peer reviewers for the presentation (see #8 above) and give them copies of the "Observation Record." Be sure they are seated where they can see and hear.

17. For each presentation, introduce the student by name and business. Remind everyone of the time limit, then proceed with the presentation.

18. Conduct presentations as follows: up to 10 minutes to speak, and up to 10 minutes for Questions and Answers, no longer than 20 minutes total (many will take less time). The timekeeper should politely but firmly keep things on schedule.

19. After all the presentations are completed, thank the presenters, reviewers, and guests. Collect copies of business plans and "Observation Records" to keep until grades are assigned or to give directly to presenters.

Reflection:

- Allow students to review the videotapes privately.

- As a class or in small groups, let students take turns receiving positive feedback about their presentations. Ask people to be specific with their praise ("Sam, your explanation of the cash flow statement was especially good." or "Nikki, you came across as confident but not arrogant.")

- Encourage students to discuss the presentations and their reactions to being in the spotlight. Help them identify ways they can improve their presentations in the future.

Journal: Using the "Observation Record" or another tool, evaluate your own (videotaped) presentation. Be sure to include positive feedback and constructive criticism. Identify changes or improvements that need to be made before presenting the plan again.

Bridges:

- Encourage students to practice making impromptu two-minute speeches so that they get used to speaking in front of an audience.
- Questions raised during presentations may lead to further revision of the business plan.
- This activity helps prepare students for similar presentations of the plan to potential funders.
- Be on the lookout for business plan contests for students to enter. If you have a chance to nominate a promising entrepreneur for an award, do so!

PREPARING YOUR PRESENTATION

You will have a total of 20 minutes to present your business plan and to answer questions from the review board. The "speech" segment may be no longer than 10 minutes. The Q&A session will also be limited to 10 minutes. Do not try to cover your entire plan in the speech; select your main points and let the review board ask about the others.

The Ten Topics: Be prepared to address, either in your speech or during the Q&A session, the following topics:

1. Who are you?
2. What is the name and nature of your business?
3. How did you get interested in this business?
4. What relevant experience and qualifications do you have?
5. How much time does it take to produce one of this product/provide this service for one customer?
6. How will operating this business fit into your lifestyle?
7. How much do you expect to pay yourself on an hourly basis?
8. Who is your competition? How will you compete successfully with them?
9. On what have you based your financial projections?
10. Why do you think your business will succeed?

Presentation Checklist: You'll know you are ready for your presentation when you can check off all the following items:

_____ Final Draft of Business Plan

_____ Outline of Main Points

_____ Knowledge of the Ten Topics

_____ Supporting Evidence/Documentation

_____ Props, Samples, Visual Aids

_____ Equipment

_____ Comfortable, Appropriate Clothes

_____ PMA (Positive Mental Attitude)

OBSERVATION RECORD
REAL ORAL PRESENTATIONS

Presentation Skills **Rating:** /100

- Appears confident, relaxed, and enthusiastic
- Speaks clearly and understandably
- Uses appropriate gestures and body language
- Has neat, professional appearance

Notes: _____

The Speech **Rating:** /100

- Is well-organized; makes good use of time
- Keeps listeners' interest
- Focuses on most important ideas
- Demonstrates knowledge of business
- Uses props, visual aids, etc. well

Notes: _____

Question and Answer Session **Rating:** /100

- Answers the questions that are asked
- Gives complete and knowledgeable answers
- Provides information not already covered

Notes: _____

SECTION III:
AFTER THE PAINT DRIES:
KEEPING STUDENT INTEREST AND COMMITMENT HIGH

This section provides strategies teachers and administrators can use to augment the learning students derive from an SBE once it is up and running. These strategies also are designed to have a positive effect on the enterprise's profitability, which in turn determines the SBE's ability to generate revenue for social benefits.

Five strategies are discussed:

1. Periodic replanning: rewriting the business plan each school year so that each group of students has an opportunity to "create" the business. The Sno-Isle Skills Center's Business and Management (BAM) program's approach is examined in detail.

2. Intrapreneurial ventures: identifying, researching, and implementing specific projects with the potential to improve how the SBE functions.

3. Setting and assessing learning objectives: SBEs, like any educational experience, can and should be accompanied by clearly stated objectives for student achievement.

4. Integrating the SBE with academic disciplines: determining how student involvement in the SBE can contribute to learning across the curriculum.

5. Recruiting and orienting new students: establishing a coherent approach to bringing new students into the SBE can help the business operate smoothly and improve students' acquisition of skills. The recruitment practices of Food from the 'Hood at Crenshaw High School in Los Angeles serve as an example.

At the end of this section, you will find more "Tools" useful in accomplishing the above steps.

Periodic Replanning

"Replanning," or periodically rewriting the business plan for an ongoing SBE, is one useful strategy for increasing the understanding and involvement of students who were not involved in the initial start-up of the SBE. What follows is a profile of the process used by Ann Smith, Business and Management Instructor at Sno-Isle Skills Center, Everett, Washington.

Close Up: The Sno-Isle Skills Center Model

The Sno-Isle Skills Center serves students from 36 high schools in western Washington state, north of Seattle. Smith has worked with SBEs for 15 years.

Students operate a number of SBEs in the Business and Management (BAM) class as a way to learn in a practical, hands-on setting about business management and operations. Equipment and facilities are in place for a range of enterprises, including an espresso stand, a promotional products business (which produces screen printing, stationery, mugs, and so on), a craft business, and a clothing/gift shop. Over the past few years, the BAM class has also operated other SBEs, including an outlet for sportswear produced by a local company. One idea on the drawing board entails buying and reselling samples and leftover stock from a local kitchen supply company.

Smith, a firm believer in the ability of SBEs to help students develop a wide range of skills (from entrepreneurship to team building and from employability to leadership and communication) says, "The SBEs provide lots of application for their academic work and provide them with motivation to learn more. And, for some, it's a means of income."

Practical and educational reasons led Smith to design the replanning process she uses in the BAM program. Students come to Sno-Isle from their "home" school for either a morning or afternoon session and participate in BAM for 2½ hours per day, 5 days per week. Usually, they come to Sno-Isle for only one school year. For both these reasons, there is little continuity in the students Smith works with from year to year; therefore, she felt it was important to have a mechanism for allowing incoming students each year to develop ownership of the SBE. Plus, the replanning process is an opportunity for students to learn and practice important skills and be creative. Says Smith, "I want them to have a chance to come up with something better, and I want them to struggle with it a little."

Here's how the process works:

1. Students apply to participate in one of the SBEs, using the Application form found in Figure 5. They then interview with Smith.

2. Once the SBE groups are chosen, the BAM class spends time learning functions that are generic to all the SBEs such as doing deposits correctly and inventory control. Students, who will rotate through different functions in their SBE, learn about each area: Financial, Merchandising, Operations, Marketing, and the Team Leader/ Personnel position.

3. Before students can begin working in their business, they must write a business plan for the SBE. Smith uses a whole day session—drawing both "morning" and "afternoon" students—to kick off the planning process. At this planning session, the SBE groups start working on the BAM Business Mini Business Plan (see Tool #8 in Section II) for their enterprises, beginning with the enterprise's mission. Morning and afternoon groups work separately and develop different businesses that will be operated out of the same facilities.

4. Students typically work on their plans in class for two to three weeks (roughly 15 to 22 hours) before submitting a rough draft to Smith. She marks them up ("I play devil's advocate") and returns them to students for reworking, which usually takes another week (7.5 hours). Since they cannot open the business until their plan is finished and approved, they have an incentive to work diligently on the plan. Being open for business on "Family Night" at the end of October is also a prime objective, since it is a good opportunity to make sales and to advertise their business.

Smith does not show them the plans from previous years. Students do, however, analyze the previous year's financial figures and determine a percentage increase in sales that they challenge themselves to reach. Their sales projections in the plan are based on these figures. If their business is successful in achieving their goal, they receive a bonus in their evaluation at the end of the semester. If they are more than 10% below their projections, their evaluations are affected negatively: "Just like the real world," notes Smith.

The quality of the plans varies, but in general, students learn a great deal from the process. Says Smith,

> If I were to give the business plan back to them at the end of the year, they'd find a lot of changes. For example, usually at the beginning of the year, they want to share revenue evenly; at the end of the year, this doesn't seem fair because some have worked harder than others.

Once the business is operating, students rotate among the different functional areas of the business. This helps students develop an overall understanding of the business and the different skills required in each area. Each student also serves as Team Leader for a time, with responsibility for facilitating weekly business meetings and assessing employee performance.

Profits from the Sno-Isle businesses are awarded to students in the form of scholarships. Distribution is based on the profit sharing agreements they create as part of the mini business plan. If they don't complete the semester, they don't get the scholarship. Smith notes that this system provides students "motivation to work hard, to value profit, and it also prevents security problems." Students also usually vote to return a percentage of their profits to the schools (typically 8%).

Once students have learned the basic skills they need (inventory management, cash control, and so on), Smith is committed to preserving the SBE as a learning experience:

> I don't tell them how to do anything. For example, sometimes the morning kids complain about the afternoon kids, how they're not cleaning up or leaving the espresso stand a mess. They have to communicate and figure out a way to get the issue resolved. Besides, I don't have the time to, even if I wanted to solve all the problems.

Figure 5

Business and Management Position Openings:

BAM Class Business

Applicant's Name: _____ Today's Date: _____

Business Choice #1: _____

Please answer the following questions as they pertain to your first choice:

1. The reason(s) I would like to be a member of this group are . . .

2. My skills and qualifications for a position in this business are . . .

3. I would be an asset in this business because . . .

4. If I am not able to be in this group, my second choice would be . . .

Groups will be selected based on a variety of factors, including experience, ability to work and produce as a team, previous interactions, mix of learning styles, sending schools, gender, demonstrated skills, and qualifications.

Submit all applications to Ann Smith by _____.

Intrapreneurial Ventures

The fact that an SBE is already established does not preclude the opportunity for innovative activity. As noted in the Preface to this guide, enterprises of all sizes rely on continuous innovation and improvement to remain viable. Intrapreneurial ventures (IVs)—short-term, discrete projects designed to improve some aspect of the SBE—can help students and teachers learn to act entrepreneurially, to "see and seize opportunities" without creating a whole new business.

IVs have the additional advantage of providing students who were not involved in planning or starting the SBE a chance to innovate and act creatively. This increases the chance that the student will be committed to the SBE and will benefit educationally from his or her experience in the business.

One suggested approach to incorporating IVs into the fabric of an SBE is to set the expectation that, in addition to ongoing job responsibilities, each student will identify, research, and implement one IV that improves the business. Adding the IV requirement can keep the SBE experience from becoming "just a job":

A. Once student responsibilities in the business are established, students and teacher together analyze the business and identify possible IVs. Two tools to assist with this process are the activity "SWOT Your Business Idea" and use of an Affinity Diagram (Tools #10 and #11, which can be found at the end of Section III.)

B. Introduce the concept of the IV using the handouts "Creating an Intrapreneurial Venture?" (Tool #12) and the handout "School-Based Enterprises: Questions to Consider" (Tool #13).

C. Students choose an IV to pursue, either individually or in groups. An IV should incorporate several phases:

   1. Choosing and clearly defining a problem or opportunity facing the business

   2. Researching and writing a proposal to undertake a project to address the problem

   3. Presenting that proposal orally and in written form to the body responsible for deciding which projects to undertake (This might be the student-owners as a whole, or "senior management," or a group of advisors or Directors.)

4. Implementing the project

5. Evaluating the project's outcome and preparing a report of its results

D. IVs will typically involve one of the two following options:

1. Reviewing a section(s) of the original business plan, analyzing the business to see how it is actually functioning, and researching and writing a proposal for improving some aspect of the business. Revisions to the plan would most likely come in one (or all) of four basic areas: (1) finances, (2) operations, (3) marketing, or (4) social responsibility. For example, a student or group of students might do the following projects:

   - *In the area of finances*, identify that student operators don't know if their business is making money. The project could be to learn how to prepare an income statement for the business, prepare statements for a defined period of time, and train the student operators to utilize the statements in the business.

   - *In the area of operations*, observe that students are unclear about the norms of behavior and dress expected of the business' employees. The project could be to create a set of personnel policies for the business, after researching personnel policies at a local business in the community.

   - *In the area of marketing*, question why only students in certain grades patronize the business. The project could be to create and administer a survey of the existing customers to learn their demographics, discover what products they are buying and why, and design a marketing strategy to reach new customers.

   - *In the area of social responsibility*, suggest a new or additional use of the enterprise's profits or resources to meet a social need.

2. Identifying and developing a new product or service to be offered by the business.

   The process of introducing a new product or service should incorporate roughly the same steps identified above. The student(s) proposing the new product/service should be required to

- develop and present a coherent rationale—including the costs and benefits to the business—for why it should be introduced. Projections of revenue and expenses associated with the introduction are a must.
- receive approval for the introduction from the decisionmaking body.
- track the introduction and compare actual performance against the projections.
- prepare a summary of the introduction and recommend whether the product/service should continue to be offered.

Establishing and Assessing Learning Outcomes

In conventional workplaces, employees and owners are motivated to work hard and contribute to the success of the enterprise by a variety of factors. A few of these are job satisfaction, compensation, fear of being fired, and profit-sharing. In school-based enterprises, some of these motivational factors may be missing. It may be difficult or impossible, for example, to "fire" a student. Local or state school district regulations may prohibit students from earning direct compensation.

At the same time, SBEs can make use of one incentive for employees to perform well that conventional businesses may not be able to use: grading and assessment of a student's performance. Teachers have an obligation to identify and hold students accountable for learning objectives. Indeed, conducting effective assessment of student learning is a critical aspect of the educator's role in the SBE. The following case study describes one approach.

The Sno-Isle Skills Center Business and Management (BAM) Program

To help her assess students, Ann Smith (see "Close Up: The Sno-Isle Skills Center Model" in this section for a description of the SBE process at Sno-Isle) has developed competencies measuring what students are expected to learn in their SBE. The competencies cover a wide range of skills and abilities. Some focus on specific business skills (e.g., "Completes daily cash balancing records"); others assess student demonstration of higher-order thinking abilities (e.g., "Provides leadership in maintaining positive and professional atmosphere in business") or work readiness (e.g., "Manages time productively"). Appendix 1 contains BAM competencies in the following areas:

- Class Business Proposal
- Merchandising Area of Class Business
- Operations Area of Class Business
- Marketing Area of Class Business
- Financial Area of Class Business
- Team Leader/Personnel Area of Class Business
- Work Readiness Standards
- Technology in Business

Smith uses a combination of performance review based on the profiles listed above and knowledge testing to assess students in the BAM program. The BAM Profile Assessment Instructions in Figure 6 describe what students must do to prepare for their assessment. The process begins with making an appointment, to which they bring a notebook containing documentation of their work in a particular area (e.g., finances). Using the notebook, students evaluate themselves first, and then a discussion follows between the student and Smith. She notes, "They are usually harder on themselves than I am." Figure 7 shows the scale used for this component of the assessment. A knowledge assessment (ten questions about the area in which they have been working) follows. A student's grade is a combination of the assessment of his or her on-the-job skills (as demonstrated by the competencies) and the content knowledge he or she demonstrates.

Students also are responsible for evaluating each other and their Team Leader, who in turn prepares assessments of student-employees. Because students are rotating through different jobs throughout the semester, assessment happens frequently.

To create effective assessment for an SBE, teachers may wish to follow the following steps:

1. List the tasks involved in running the SBE.
2. Group these tasks by functional area.

3. Identify other learning objectives by reviewing state content standards, the SCANS report, or other measures of achievement.

4. Adopt an evaluation scale.

5. Design a process by which students can provide feedback to each other.

6. Utilize, evaluate, and revise the process.

Figure 6
BAM Profile Assessment Instructions

A profile assessment is an opportunity for you to meet with your instructor to discuss the profile competency activities you would like to document and for which you receive credit. Just like in any business performance review, it will only be worthwhile if you are prepared. You will have a maximum of fifteen minutes for your meeting, beginning at the scheduled time. If you miss your appointment, you may reschedule once, but will receive 10% less in your score.

Before you present your work for your profile assessment . . .

1. Sign up for an assessment appointment on the schedule board.

2. Make sure you review and are familiar with all of the competencies in the profile.

3. Carefully review and check all of your work.

4. Sort and organize your work.

5. Be prepared to answer questions about the competencies.

6. Self-evaluate yourself on the profile competency sheet.

7. Complete the profile knowledge quiz.

8. Have the following documentation with you:

   - Profile competency sheet, self-evaluated
   - Completed profile knowledge quiz score
   - All completed work, related notebooks, miscellaneous evidence of competency
   - Journal

Figure 7
Competency Evaluation Scale
Business and Management

As an entrepreneur, the skill/knowledge demonstrated by the student indicates the following:

4 **Excellent potential for success – Highly Proficient:** Thoroughly completed the training, experience, and research. Demonstrates excellent understanding and accurate application of this competency. Could train others in this area and would need no supervision.

3 **Good potential for success – Competent:** Completed the training, experience, and research. Demonstrates good understanding and usually accurate application of this competency. Requires minimal additional training and/or revision to increase potential for success. Would need spot supervision.

2 **Moderate potential for success – Partially Proficient:** Completed most of the training, experience, and research. Demonstrates moderate understanding and partially accurate application of this competency. Requires considerable additional training and/or revision to increase potential for success. Would need close supervision.

1 **Low potential for success – Limited:** Completed some of the training, experience, and research. Demonstrates little understanding and application of this competency. Needs to be told how to do most of the task. Requires almost total additional training and/or revision to increase potential for success. Would need constant supervision.

0 **Did not attempt** – Chose not to complete available training, experience, and research. Demonstrates no understanding or application of this competency.

Integrating the SBE with Other Disciplines

Integration—making explicit links between (or combining) different disciplines taught in schools—is one of today's educational reform priorities. It makes sense; after all, the world graduates must operate in is not organized into neat categories. Our actions are not called English, math, or social studies; work, participating in communities, interacting with families and friends, all these draw on a mixture of the "subjects" we study in school.

Achieving integration is harder than recognizing its value. Fortunately, SBEs—because they are multidimensional learning experiences—provide important opportunities to involve a range of disciplines that normally stand apart. The business plan process recommended in this guide is a major research and writing project that incorporates English, math, social studies, and technology. SBEs themselves offer innumerable opportunities to make learning relevant and interesting. Several interesting examples follow:

- Food from the 'Hood, an SBE at Crenshaw High School in Los Angeles, was created as a response to the riots in South Central Los Angeles in 1992. The business, which creates and markets salad dressings, operates a garden that serves as a hands-on science laboratory.

- Students in the Elm Valley School District in Rutland, South Dakota, create and sell crafts that their ancestors made, as part of learning about their ethnic heritage and the origins, customs, and immigration patterns of the Northern Europeans and Scandinavians who settled the Upper Midwest.

- The students who worked to create the SBE "Not Cha Mama's Cookies" at Arroyo High School in Arroyo, California, undertook a series of tasks which exposed them to learning normally associated with math or science. These activities ranged from determining the nutritional content of their product to studying the geometry of efficient packaging design.

Teachers working with SBEs can make integration a reality in the following ways:

- **Starting with their own fields of expertise.** How can the SBE experience be used to reinforce and enrich the core curriculum?

- **Collaborating with other teachers.** Teachers in all disciplines are always on the lookout for projects that can boost the relevance and interest of their classroom work. How can an art class help with SBE promotional materials? Can the SBE business plan be considered an English assignment? What can the science class tell us about the potential hazards of the waste produced by an SBE?

- **Being socially responsible.** Because of their unique positioning inside a public institution, SBEs have an opportunity and a responsibility to target their profits towards social needs. Learning about particular needs in the community (a public

health issue, a natural disaster, a historical structure that has not been properly commemorated) in anticipation of allocating SBE profits to address them can open many doors for learning. In *School-Based Enterprise*, Stern et al. (1994) note that instilling a sense of community service is one important benefit for students participating in SBEs (see pp. 112-113).

Meeting social needs in the community may be important for another reason. As the authors of *School-Based Enterprise* note, "Avoiding competition with local suppliers is important because a school enterprise operates under the legal authority of the local school governing board, which is accountable to the local electorate" (p. 123). Practicing social entrepreneurship may help an SBE overcome concerns in the private sector by demonstrating the uniqueness of the SBE's mission.

Recruiting and Orienting New Student-Employees

It is a truism that a business' greatest asset is its people. If a business' employees are well-trained, understand the business' mission, and are committed to creating a quality product or service for its customers, the business has a good chance of surviving the stresses and strains of a competitive environment.

The same is true for an SBE. SBEs, whether they serve the school community or the broader community, have the same need for employees who can perform at a high level. However, because SBE employees tend to be younger and to work at the business for relatively shorter periods of time than employees in the economy at large, effective recruitment and orientation of students is especially critical.

The following recommendations can help SBEs recruit and orient students effectively. Following these is an in-depth look at the importance of recruitment and orientation for the SBE Food from the 'Hood at Crenshaw High School in Los Angeles:

- **Effective recruitment is a priority.** The SBE needs to include recruitment and orientation in its plan of work. Make recruitment a standard Intrapreneurial Venture (see the discussion of IVs earlier in this section) or assign a group of students to this responsibility. Each employee needs to appreciate that choosing and training students who can successfully carry on the SBE is essential to its survival.

- **It's a privilege to participate.** Communicate clearly that the SBE requires a high level of commitment and seriousness from its participants. Require students to apply to participate in the SBE. See Figure 5 for a sample application.

- **Responsibility is earned, not granted.** Just like new employees in any business, new SBE student-employees should successfully complete certain milestones before earning the right to perform certain tasks or hold positions of responsibility.

- **Clear job descriptions create clear expectations.** To be effective employees and effective managers, students need to know what is expected of them and of those they are to lead. Orientation is easier to design and implement if the skills and knowledge necessary for a position are clearly understood.

Close Up: Food from the 'Hood

Conceived as a positive response to the riots in South Central Los Angeles in 1992, Food from the 'Hood (FFH) has remained true to a mission of socially responsible entrepreneurship. Today, students continue to maintain a garden which provides organic produce for local residents, while creating recipes for salad dressings which are produced by a local salad dressing bottler. Students learn horticulture and nutrition along with how to operate a successful business. The business has provided more than $93,000 in scholarships to its "student-owners."

At the heart of FFH's success is a rigorous process for identifying and developing students who "have what it takes" to carry on the SBE's work. According to Aleyne Larner, FFH's adult advisor, this focus on recruitment and training has come about for two primary reasons. First, as a business in a competitive industry, FFH must attract and retain the best student-owners possible. Second, the business is determined to help its employees develop what Larner calls "thriving skills," those needed for success in business and life. FFH is committed to involving students as much as possible in personnel matters as a way to help them develop these skills.

The SBE seeks to recruit ninth graders (Says Larner, "If we get them for three years, they are more successful in college"), and basic training starts with filling out an application. The application, modeled on those used by McDonald's and Sears, includes space for listing current school activities. This allows FFH to determine whether a student is likely to be able

to devote the time necessary to learn the business. Ten hours/week of work is expected, including garden training, office training, and a mandatory weekly meeting. Too many other school activities may mean that a student will not be able to contribute enough. The application also includes an essay.

Existing FFH employees help prospective employees with the application process. The recruitment team comprises fully half of the existing student-owners. Part of the application process is a group interview with three of the student-owners. Applicants must have at least a 2.0 grade point average and cannot be a member of a gang, use drugs, or smoke. Any illegal activity disqualifies a prospective applicant. Larner stresses that this is critical, since each student-owner in FFH reflects on the quality and reputation of the business.

Once accepted, a student becomes an intern for eight weeks. During this period, students work in the garden, learn the history of the business, learn to answer the telephone correctly, and are instructed on the proper ways to interact with clients. Only upon the successful completion of the internship do students become student-owners; about one half of the applicants do not make it through. Once the internship is completed, says Larner, "The real learning begins. Committing time and knowledge to people who aren't going to stick with it is a fool's errand." Students who don't make it through the internship period are permitted to try again; one student finally earned the status of student-owner after three tries.

1996 was the first year that the recruitment process was turned over to the student-owners, with Larner and Tammy Bird (FFH's founder) only providing guidance. Larner relates that she and Tammy were very nervous when they saw the names in the applicant pool. "Four or five were really good friends with the kids on the recruitment team," she recalls. "Some were football players and cheerleaders who already had substantial time commitments."

Larner and Bird were skeptical of the student-owners' ability to make good decisions, but they were determined to let the process run its course. They were startled to find that the students' selections matched their own picks, and that the students declined to accept those individuals they would have avoided. The key, says Larner, was setting clear expectations and making sure that the student-owners understood and agreed with the expectations.

FFH has used this model of turning over authority for key business decisions in other areas as well. As seniors, student-owners serve as mentors and supervisors of younger students and provide up to five hours per week of training. They may have responsibility for key financial tasks such as deposits and managing accounts receivable. (Larner notes that an adult is always involved in accounting for all moneys.) Student-owners can be fired if they endanger themselves or someone else or damage equipment belonging to the business.

Clarity about who makes which decisions is critical to making this delegation of responsibility effective. The rule of thumb is that the advisors hold on to the authority to make decisions that will exceed the students' tenure in the business. Larner and Bird try to evaluate situations on a case-by-case basis. "The hardest part," says Larner, "is telling the difference between when we're being a parachute and when we're just saving our egos! If [a particular decision] is about, say, safety or the long-term profitability of the company, we'll step in. If not, we let the chips fall where they may. Missing a demonstration of the product usually isn't the end of the world, but we might step in if the meeting is with a broker for a major grocery chain."

Tool 10
Activity: SWOT Your Business Idea

SWOT YOUR BUSINESS IDEA

Purpose:

- To practice a systematic process of analysis.
- To assess the feasibility of business ideas.
- To examine the strengths, weaknesses, opportunities, and threats of a business.
- To develop plans of action based on analysis conducted.

Materials:

- "SWOT" worksheets (1 per group and 1 per participant)
- Flip chart and markers

Time:

60 minutes

Procedure:

SWOT is a method of analysis. The letters in SWOT stand for Strengths, Weaknesses, Opportunities, and Threats. In this case, the method will be applied to a proposed business idea.

S	Strengths: conditions or factors within the business that make it strong and healthy
W	Weaknesses: conditions or factors within the business that make it weak or vulnerable
O	Opportunities: circumstances that exist outside the business that might improve or enhance the business if utilized properly
T	Threats: circumstances that exist outside the business that might damage or endanger the business if not properly addressed

1. Think of a familiar business (a franchise business works well) that is not represented in the local area. We'll use Pizza Hut® as an example, but you should use an example appropriate to your community. Assume that there are similar, privately owned businesses of the same type in the area. In our example, there are three independent pizza restaurants in town.

2. Divide the class evenly into five groups and give each group a SWOT grid. Tell participants that Pizza Hut® is considering locating in town and that the class has

been hired to assess the proposal for them. Explain to participants how to complete the SWOT grid, then give them 10-15 minutes to do so.

3. Ask for a volunteer group to share the Strengths it identified. After this group has finished reporting, invite other groups to add to the Strengths. Repeat the process for Weaknesses, Opportunities, and Threats, asking a different group to go first for each section. (The remaining group will have an opportunity to lead the discussion in Step 5.)

4. Next, announce that Pizza Hut® has made its decision to locate in town. They now want the class to develop strategies or plans of action for the restaurant based on the SWOT analysis just completed. Allow 10-15 minutes for this step.

5. Group 5 leads the discussion of strategies, with other groups adding their ideas.

Reflection:

At the completion of the activity, facilitate a discussion based on questions such as the following:

- What makes the SWOT method an effective analysis tool? What are its limitations?
- Are the strategies/action plans proposed by the group realistic and reasonable? Why or why not?
- What are some other ways an entrepreneur might use SWOT?

Journal: Give a fresh copy of the grid to each participant and make the following assignment: "Conduct a SWOT analysis of your own business idea. Don't forget the step of listing strategies and plans of action!"

Bridges:

- Careful analysis of participants' business ideas, whether by SWOT or some other method, must be conducted before they commit to researching a specific business. Do not let participants get so far down the road with a bad idea that they cannot turn back.
- SWOT is a flexible technique. Use it again as opportunities arise.
- Many participants will know other methods of structured analysis. Invite them to demonstrate their methods for the class. Different strategies will appeal to different types of learners.

SWOT

Proposed Idea: _____

Strengths	Weaknesses
Opportunities	**Threats**

Tool 11
Affinity Diagram

AFFINITY DIAGRAM

Purpose:

- To generate a large number of ideas, solutions, or topics and to sort them into categories or groupings of a like nature.
- To organize a complex project or job and make it more manageable.
- To use creativity rather than logic to organize thought on a specific situation or issue.

Materials:

- "Sticky notes" or small cards (10 to 20 per participant)
- Flip chart, chalkboard, or table

Time:

60 minutes

Procedure:

Making an Affinity Diagram starts with brainstorming but goes a step further by organizing the ideas generated into "like" groups. All participants play an equal role in the process. The technique is especially useful for organizing complex issues or looking at them in new ways. Follow these steps to construct an Affinity Diagram:

1. Choose a complex issue and phrase it in the form of a question. For example:
   - What responsibilities does an entrepreneur take on when starting a business?
   - What should a small business consider when planning an advertising campaign?
   - What topics do we want to cover in this class?

2. Divide the class into groups of four to six members, giving each participant part of a pad of sticky notes or stack of cards. Review the following rules:
   - Write one idea, topic, or solution on each sticky note or card using five words or less.
   - As ideas are written on the notes, stick them to a wall or board so that all participants can see them. One person's ideas may spur another person's thinking.
   - No talking is allowed while ideas are being generated.

- Follow the standard rules of brainstorming: no one may criticize ideas, everyone should participate, and the goal is to generate as many ideas as possible in a short period of time.

3. Present the question to the group. Allow the group 10-20 minutes to generate ideas.

4. At the end of the brainstorming time, ask participants to arrange the ideas into like groups without talking. Allow participants to keep moving the ideas around until everyone is satisfied with the groupings, of which there may be any number.

5. Then ask participants to discuss and choose a heading for each group of ideas, using a word or phrase from one of the notes in the group, if possible.

6. Ask a group member to read aloud the headings and the sticky notes in each grouping. Add an "other" or "miscellaneous" group if necessary.

7. Draw a line around the boundaries of each grouping to designate affinity among the ideas. You may ask group members to sign and date the diagram, signaling their "affinity" or agreement about the results, if having a record of such agreement is desirable.

If the ideas (or groups of ideas) generated also need to be prioritized (ranked, ordered, or valued), the following are three equitable methods of ranking:

1. Each participant ranks his or her top five groupings in order, giving 5 points to his or her top priority, 4 points to the next most important, and so on. The results are totaled, and the grouping with the most points receives top priority.

2. Each participant receives a set number of votes (10-15), and then votes for any number of groups in any amount. A person may cast all his or her votes for one item, or distribute them among many items. Tally votes.

3. Each participant rates each grouping on a scale of 1 to 10, with 10 being the highest. Total the results.

Tool 12
Creating an Intrapreneurial Venture

CREATING AN INTRAPRENEURIAL VENTURE

One definition of an entrepreneur is "one who sees and seizes opportunities." Typically, an entrepreneur is someone who comes up with an idea and starts a business or enterprise to capitalize on that idea.

So, what's an "intrapreneur"? Think of it as an entrepreneur who works in an existing business or organization and sees and seizes an opportunity to make some part of the business operate more effectively and efficiently. More and more, businesses and organizations of all kinds are looking for employees who can act intrapreneurially. Learning to be an intrapreneur can be a great skill in the workplace.

In addition to your ongoing responsibilities in your student-run enterprise, you are being asked to develop a plan for an "intrapreneurial venture," or IV. The IV has two main purposes:

1. To help your enterprise run more effectively or efficiently.
2. To help you practice important skills and learn about small business and entrepreneurship.

Your IV can be either a project to improve the way your business currently functions in one of three basic areas—(1) finances, (2) marketing, or (3) operations—or a new product or service to be offered by your business. You can work on an IV individually or with a partner(s). Here are guidelines for developing your IV:

1. Your first job is to narrow your focus and figure out what part of the business you want to try to improve or what kind of product or service you wish to offer. There are three basic areas you may choose from: (1) finances, (2) marketing, or (3) operations. The handout "Questions To Consider" poses some questions that may help you identify a topic that interests you.

2. Set a SMART (Specific, Measurable, Attainable, Responsible, and Timely) goal for your IV. Once you've decided on an area, the next step is to narrow your focus so that you can prepare a plan for your IV that can be carried out within two to three months. Suppose that you want to create an IV to make your business more profitable. A focus of "increase the business' profits" is too broad to be realistic. "Increase the business' profits by increasing profit margins" is better, but if your business has ten products, it will take a long time to complete this project. "Increase the business'

profits by increasing profit margins on products 1 and 2" is even better: more specific, attainable, and realistic.

3. Write a complete plan for your IV, containing the following components:

   - What's the problem?
   - What is your recommended solution?
   - What research have you done to support your recommendation?
   - What are the costs associated with your recommendation?
   - What benefits do you expect to achieve?
   - Who would carry out the recommendation?

4. You will present your IV to the other students in the business or class and/or to a panel of "experts." Practice your presentation and be ready to respond to questions about your recommendation. The more specific and thorough your presentation is, the better the decision the panel can make.

5. If your IV is accepted by the panel, you'll have a chance to implement the change, and your business will benefit from your suggestion.

6. Keep in mind that your IV might involve more than one area. Marketing or operations changes will have financial implications. A financial project may affect the operations of the business. For example, let's say you are interested in tackling a Marketing IV. You decide that your business needs new advertising to reach different customers. While your IV focuses on creating new ads, you'll also need to calculate the cost to the business and determine who will do the work.

7. Your IV proposal should be as long (or as short!) as is needed to make your case convincingly. Remember, you must convince the panel that your proposed project is a good one. Do your homework!

8. Ideally, you should be able to carry out your IV relatively quickly, so that you can observe, learn from, and document the results before the end of the school year.

Exercise: Kancamangus High School

Read the sample IV below prepared by Kit Green and Kelly Carson. Their school store at Kancamangus High School uses its profits to buy books for a hospital school (for students who can't attend regular school because they are in the hospital). Consider these questions:

- What questions do you have about Kit and Kelly's recommendations?
- How could their proposal be stronger?
- What are the financial, marketing, and operations implications of their IV?
- If Kit and Kelly presented this proposal to you, would you approve it? Why or why not?

IV Title: Increase our school store's profits by increasing profit on pencils and buttons.

What's the Problem?

Our business is not as profitable as it could be. If we are going to purchase the books we want for the hospital school, we need to make more profit.

What Is Our Recommended Solution?

Increase the profit margins on pencils and buttons, the products we sell the most of.

- We now buy pencils for $ .13 each and sell them for $ .15. We should increase our sales price.
- Each button kit now costs us $ .20. We sell a finished button for $1.00. We could make more profit on buttons by finding a cheaper supplier of the button kits.

What Research Have We Done?

- We surveyed school stores at Kildair High School and at Kandlestick County Schools and found that their sales price for pencils is $ .30, and they still sell lots of pencils. We think we can increase our sales price without cutting down too much on the number of pencils we sell.
- In the Thomas Register in the library, we found a supplier, Better Buttons, Inc., in Nevada, from whom we can purchase button kits for $ .10, if we order them in bulk.

What Costs Are Associated with Our Recommendation?

Pencils: We'll have to print a new price list for the store to reflect the new sales price. That would cost $5.00. Raising the price of pencils may reduce sales; however, even if sales decrease some (by 20%, for example), we'll still earn more money:

SCENARIO	avg. # sold per month	Sales Revenue	Cost of goods sold @ $.13/pencil	Profit/month
Now: sell pencils @ $.15	245	$36.75	$31.85	$4.90
Proposal: sell pencils @ $.30	196	$58.80	$25.48	$33.32

Buttons: We'd have to buy button kits in quantities of 1,000 to take advantage of the discount, so our upfront payment would be larger and we'd need to have the cash available to make that purchase. (Right now we have $428.32 in the bank.) We would also have to pay shipping ($7.50/order). Right now we usually buy 250 at a time from Wal-Mart, so there's no shipping. We'll have to store the additional items, but we think there's enough storage space in the closet.

What Are the Benefits Associated with Our Recommendation?

Even if the sales of pencils drop by 20%, we'll make $23.42 more in the first month (after deducting the $5.00 to reprint the price list) and $28.42/month after that. On buttons, we'd make $ .10 more on each one we sell. We're selling about 200/month now, so we'll make an additional $ .10 X 200 = $20.00/mo. The $7.50 shipping charge would come in the first month only, so we'd make an extra $12.50 in the first month and $20.00/month for the next four months. (We'd have to reorder in month six.)

Together, these two steps can increase our profit (and the # of books we can buy) for the next five months by $229.60. Calculation: $35.92 ($23.42 + $12.50) in the first month and $48.42 ($28.42 + $20.00) for the next four months.

Who Would Carry Out the Recommendation?

The Finance committee will need to decide whether we have the cash we would need to buy buttons in bulk, and will keep track of our financial performance. The new price list should be handled by the Advertising committee, and the Production/Sales department will need to order the buttons.

Tool 13
School-Based Enterprises:
Questions To Consider

SCHOOL-BASED ENTERPRISES
QUESTIONS TO CONSIDER

Finances

1. Is your business performing financially the way the business plan projected it would? What differences do you see?

2. How much cash has been generated by your business? How have the profits been used? Are there other ways to use the profits?

3. How much profit is generated by each of the products your business sells? What could you do to increase the profit margin of each product?

4. Are there products that should be discontinued because they are unprofitable?

5. Can you project how much cash will be generated by the business?

6. Are the business' finances being accounted for accurately on a regular basis?

Marketing

1. Is the business following the marketing plan outlined in the original business plan? If not, why not?

2. Who is buying from your business? What are the demographics of your current customers?

3. Are there other potential customers for your business? What kinds of products or services would appeal to them? Where do they purchase those products/services now? How could you find out?

4. How does your business advertise? Are there other forms of advertising or promotion that could result in increased sales and profits for your business?

Operations

1. Is your business operating as the business plan described that it would? If not, why not?

2. What are the roles and responsibilities necessary to the smooth functioning of the business? Are there accurate descriptions for the positions?

3. Is there a different way to organize the work and/or the workers?

4. Are there ways to reduce overhead expenses so that the business can operate more profitably?

5. How will you ensure that the business will have the personnel to operate effectively in the future?

REFERENCES AND ADDITIONAL RESOURCES

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Appendix
Business and Management Competencies

Name: _____ Date: _____

School: _____ *Sno-Isle Skills Center*

Business and Management
CLASS BUSINESS PROPOSAL

_____ **Participates with a team to create and write company description section of proposal.**

___ Establishes business mission, policies, and behavior standards.

___ Creates profit sharing agreement.

_____ **Participates with a team to create and write product/service section of proposal.**

___ Describes in detail product or service of business.

___ Creates menu, product samples, or related sales tools.

_____ **Participates with a team to create and write marketing section of proposal.**

___ Determines and describes characteristics of target market.

___ Chooses business name.

___ Designs business logo.

___ Selects selling and distribution methods.

___ Describes customer service policies.

___ Determines costs to produce product or service.

___ Calculates break-even analysis.

___ Projects monthly sales goals.

_____ **Participates with a team to create and write operations section of proposal.**

___ Creates procedures for how all products or services will be produced.

___ Determines procedures for maintaining inventory.

___ Determines equipment, supply, and initial inventory needs including quantities, prices, and suppliers.

_____ **Participates with a team to create and write administrative section of proposal.**

___ Creates job descriptions listing all duties.

___ Creates work schedule for monthly rotations for school year.

_____ **Participates with a team to create and write financial section of proposal.**

___ Creates budget of start-up needs for loan proposal.

___ Develops cashflow projections for school year.

_____ **Completes business training providing evidence of skill.**

4 Excellent potential for success
3 Good potential for success
2 Moderate potential for success
1 Low potential for success
0 Did not attempt

Name: _____ Date: _____

School: _____ *Sno-Isle Skills Center*

Business and Management

MERCHANDISING AREA OF CLASS BUSINESS

_____ Determines purchasing needs for business.

_____ Completes purchasing paperwork.

_____ Orders/purchases from vendor.

_____ Sells to customers.

_____ Completes sales slips/register ringing for business sales activities.

4	Excellent potential for success
3	Good potential for success
2	Moderate potential for success
1	Low potential for success
0	Did not attempt

Name: _____ Date: _____

School: _____ *Sno-Isle Skills Center*

Business and Management

OPERATIONS AREA OF CLASS BUSINESS

_____ Maintains and cleans business storage, files, and work areas.

_____ Maintains, counts, and balances inventory monthly.

_____ Maintains inventory records.

4 Excellent potential for success
3 Good potential for success
2 Moderate potential for success
1 Low potential for success
0 Did not attempt

Name: _____ Date: _____

School: _____ *Sno-Isle Skills Center*

Business and Management

MARKETING AREA OF CLASS BUSINESS

_____ Using a theme, plans and executes a multimedia marketing event for the class business.

_____ Describes specific, measurable goals for event.

_____ Describes target market for event.

_____ Uses a variety of promotional activities to publicize event to target market.

_____ Evaluates success of event in terms of how it met goals.

4 Excellent potential for success
3 Good potential for success
2 Moderate potential for success
1 Low potential for success
0 Did not attempt

Name: _____ Date: _____

School: _____ *Sno-Isle Skills Center*

Business and Management

FINANCIAL AREA OF CLASS BUSINESS

_____ Logs all daily deposits.

_____ Logs all expenses.

_____ Calculates "Year-to-Date" comparison with last year's records.

_____ Tracks financial records utilizing "Quicken."

_____ Completes daily cash balancing records.

4 Excellent potential for success
3 Good potential for success
2 Moderate potential for success
1 Low potential for success
0 Did not attempt

Name: _____ Date: _____

School: _____ *Sno-Isle Skills Center*

Business and Management

TEAM LEADER/PERSONNEL AREA OF CLASS BUSINESS

_____ Maintains schedule to make sure all business responsibilities are completed by team.

_____ Creates agenda and conducts team meetings.

_____ Completes daily evaluation score for all team members.

_____ Maintains classroom bulletin board section for business.

_____ Presents team report at class meetings.

_____ Professionally communicates with instructor and other businesses as needed.

_____ Provides leadership in maintaining positive and professional atmosphere in business.

_____ Maintains Team Leader's notebook.

4 Excellent potential for success
3 Good potential for success
2 Moderate potential for success
1 Low potential for success
0 Did not attempt

Name: _____ Date: _____

School: _____ *Sno-Isle Skills Center*

Business and Management

WORK READINESS STANDARDS

_____ Exhibits punctuality and meets deadlines.

_____ Follows policies.

_____ Is prepared for class.

_____ Manages time productively.

_____ Interacts effectively with team.

_____ Exhibits mutual respect.

_____ Uses appropriate verbal and nonverbal language.

4 Excellent potential for success
3 Good potential for success
2 Moderate potential for success
1 Low potential for success
0 Did not attempt

Name: _____ Date: _____

School: _____ *Sno-Isle Skills Center*

Business and Management
TECHNOLOGY IN BUSINESS

_____ Uses computer spreadsheets to complete financial projections.

_____ Uses word processing software to complete business plan.

_____ Uses desktop publishing software to produce publicity.

_____ Uses accounting software to track finances.

_____ Uses résumé software to create résumé.

_____ Uses scanner to scan images.

_____ Uses electronic cash register to track inventory and calculate sales.

_____ Uses modem to communicate on network system.

_____ Uses fax machine to transmit correspondence.

4 Excellent potential for success
3 Good potential for success
2 Moderate potential for success
1 Low potential for success
0 Did not attempt